

CRYPTOCURRENCY ADOPTION & PURCHASING BEHAVIOR SURVEY

Consumer Confidence in Digital Assets Remains Strong in the Wake of Turbulent 2022

Survey results from U.S. digital currency owners show persistent, expanded interest and engagement with these new asset classes. Consumers have a strong desire for financial service firms, payment companies and wallet providers to expand support for the digital economy.

Executive Summary

Paxos conducted our annual survey of U.S. cryptocurrency owners to learn how the 2022 crypto winter and large industry fallouts impacted consumer behavior and confidence in the crypto ecosystem. We discovered that despite a turbulent 2022, banks and other financial services companies continue to have an unprecedented opportunity to serve their customers and expand their businesses by fully participating in the crypto economy.

Takeaway 01

Consumer confidence and trust in crypto are high, despite the volatility of crypto markets throughout the past year

Despite a disruptive end to 2022, interest and investment in crypto remains strong. More than 75% of people surveyed indicated that they are very confident or somewhat confident in the future of cryptocurrency. Notably, these results indicate no change in how respondents felt 12 months ago, as our [2022 survey](#) had similar findings. Additionally, 72% of respondents reported that they are a little or not at all worried about the volatility of the crypto markets seen over the past year.

Takeaway 02

Crypto expansion into everyday financial transactions is a huge opportunity for financial services companies

While 52% of crypto owners continue to be interested in crypto as an investment, crypto owners also want to use digital assets for everyday financial transactions, including payments and remittances. 42% of survey respondents said they were interested in using crypto to pay for goods or services, while 38% reported an interest in earning crypto as a credit card or loyalty program reward. In addition, 34% of respondents were interested in using crypto to send money to friends or family.

Takeaway 03

Crypto owners still want traditional financial services companies to join the crypto ecosystem

There was strong demand last year for more traditional financial institutions – including banks, payment companies, and wallet providers – to join the crypto ecosystem. This interest has not waned as 75% of respondents indicated that they would be likely or very likely to purchase crypto from their primary bank if it were offered. That's up 12 percentage points from last year's results, underscoring the growing consumer desire to bring crypto into their everyday financial lives.

For more information on the survey or to get in touch with Paxos, reach out to insights@paxos.com.

Introduction

2022 was a rollercoaster year for the crypto industry. Ranging from some of the highest Bitcoin prices ever to some of the lowest, large-scale industry fallouts from companies like Terra, FTX, Alameda Research and more – it was a volatile and potentially confidence-testing year for the ecosystem.

To learn how the 2022 crypto winter and large industry fallouts impacted consumer behavior and confidence in the crypto industry, Paxos launched our annual cryptocurrency adoption and purchasing behavior survey in January 2023.

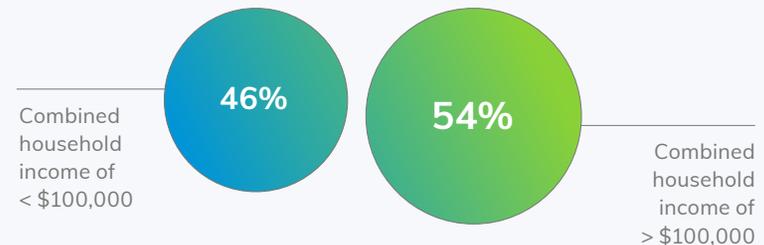
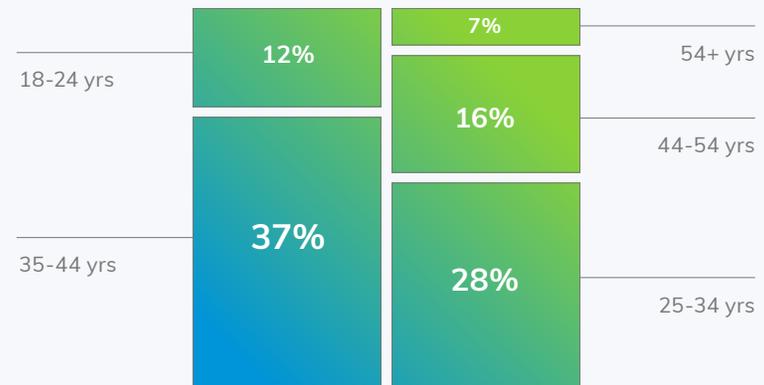
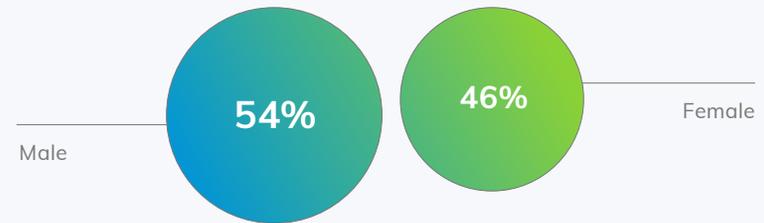
Objective

Learn how the 2022 crypto winter and large industry fallouts impacted consumer behavior and confidence in the crypto ecosystem.

Methodology

Five thousand respondents were recruited to participate in an online survey between January 5, 2023 and January 6, 2023. To qualify for participation in the survey, respondents needed to live in the U.S., be 18 years of age or older and have total household income greater than \$50,000. They were also required to have a bank account and purchased cryptocurrency in the last three years. Results were derived from unweighted aggregations of survey responses.

SURVEY RESPONDENT DEMOGRAPHICS

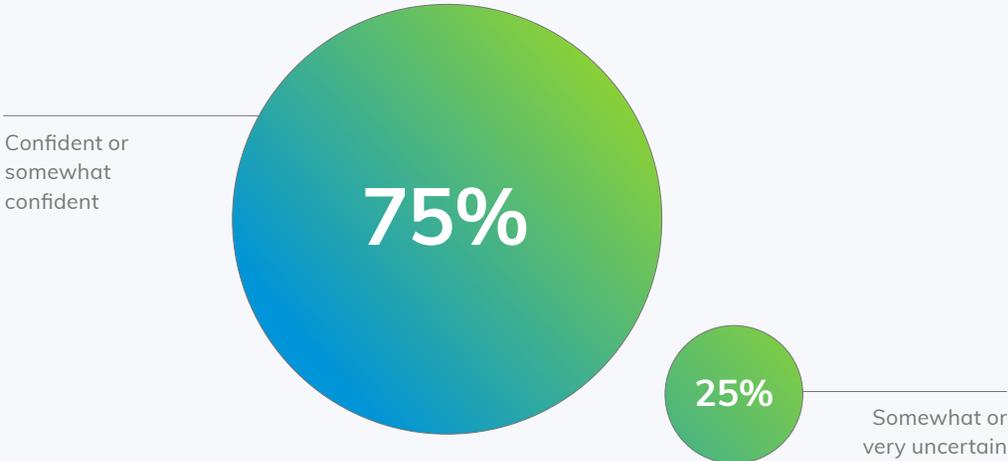


RESPONDENT CONFIDENCE IN THE FUTURE OF CRYPTO

RESULTS

Confidence & Trust in Crypto

How confident are you in the future of crypto?



KEY STATS

75% of respondents are confident or somewhat confident in the future of crypto

27% of respondents purchased crypto for the first time in the last year

72% of respondents reported they were only a little worried or not worried at all about the volatility of crypto markets over the past year

89% of respondents reported that they trust banks, crypto exchanges and/or mobile payment apps to hold their crypto

FINDINGS

Despite the volatile 2022 crypto landscape, consumers didn't lose faith in their crypto investments. This number was unchanged from the previous year's report, underlining the long-term confidence of those participating in crypto markets. Additionally, 27% of respondents purchased crypto for the first time in the last year. These results show that despite the crypto winter of 2022, interest in crypto remained strong and new users continued to enter crypto markets. This sentiment is highlighted by the fact that 72% of respondents also reported they were only a little worried or not worried at all about the volatility of crypto markets over the past year.

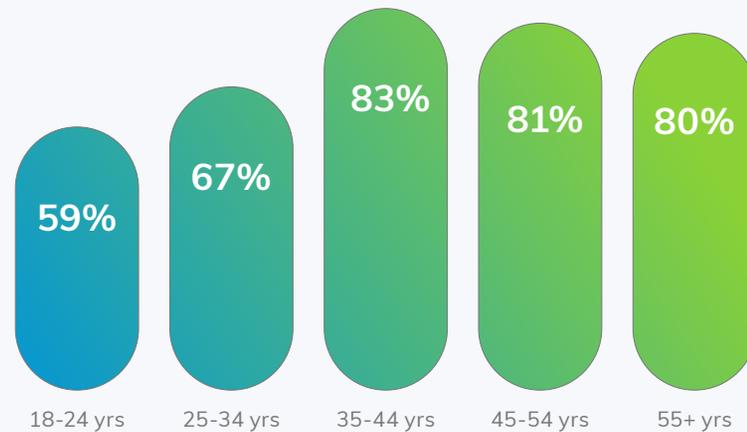
FTX and Alameda Fallout

A shadow fell over the entire crypto economy when FTX, one of the industry's well-known trading platforms, collapsed alongside Alameda Research. Within our survey, Paxos sought to understand the impacts of these events on the average crypto

consumer. Of those who had heard about and followed the story, most (57%) indicated that they plan to buy more crypto or do nothing as a result of the news. In fact, despite the high-profile collapses and underlying poor risk management practices seen

in several crypto companies, crypto owners still trust intermediaries to hold crypto on their behalf. 89% of respondents reported that they trust banks, crypto exchanges and/or mobile payment apps to hold their crypto.

RESPONDENTS LIKELY OR VERY LIKELY TO PURCHASE CRYPTO FROM THEIR PRIMARY BANK SORTED BY AGE GROUP



RESULTS

Expanding Platforms for Crypto Purchase

How likely would you be to purchase crypto from your primary bank if they offered it?

KEY STATS

75% of respondents are likely or very likely to purchase crypto from their primary bank if it were offered

45% of respondents reported they would be encouraged to invest more in crypto if there was more mainstream adoption by banks and other financial institutions

Two of the three top platforms crypto owners use to purchase crypto are non-crypto-focused fintech companies: PayPal (31%) and Robinhood (26%)

Of survey respondents who purchased crypto in the past year, **68%** made purchases at least 1-2 times per month

FINDINGS

Crypto consumers increasingly want their banks to enter the crypto ecosystem and support crypto purchases. 75% of respondents said they are likely or very likely to purchase crypto from their primary bank if it were offered, representing a 12 percentage point increase from last year's survey results. Additionally, 45% of respondents reported they would be encouraged to invest more in crypto if there was more mainstream adoption by banks and other financial institutions.

Currently, two of the three top platforms crypto owners use to purchase crypto are non-crypto-focused fintech companies: PayPal (31%) and Robinhood (26%). Banks have a significant untapped opportunity to enter the market and meet the needs of existing customers by expanding their offerings to support digital assets. Not only would these services satisfy increasing demand, but they would also result in higher engagement. Of survey respondents who purchased crypto in the past year, 68% made purchases at least 1-2 times per month.

RESULTS

Expanded Use Cases

What are you interested in using crypto for?

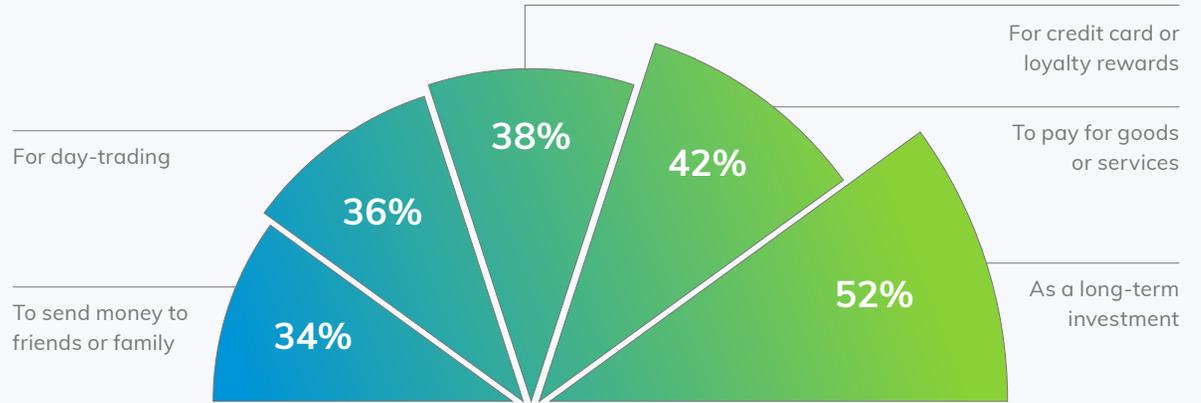
KEY STATS

The data showed that the top five most desired use cases for crypto involve **everyday financial transactions**, including payments and remittances

40% of respondents say they would be encouraged to invest more in crypto if more merchants accepted crypto payments

*Respondents were able to select multiple options, bringing the total to over 100%

TOP 5 REASONS RESPONDENTS ARE INTERESTED IN USING CRYPTO*



FINDINGS

Crypto owners have a long history of interest in cryptocurrency as an investment. The survey found that these users would also like mainstream financial service providers to offer products and services that support crypto.

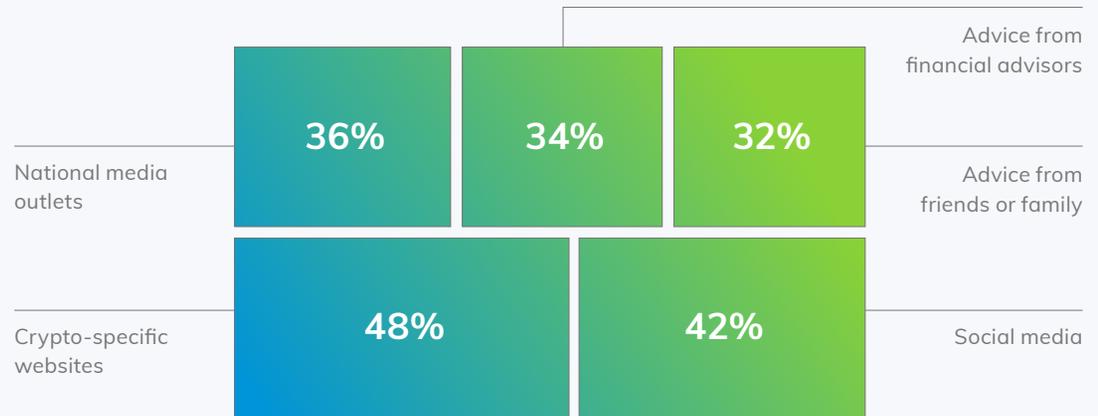
Our survey showed that three of the top five most desired use cases for crypto involve everyday financial transactions, including payments and remittances. This presents a major opportunity for companies to enable crypto purchases of goods from merchants and crypto payments between friends and families. The widespread adoption of crypto may have a flywheel effect with 40% of respondents saying they would be encouraged to invest more in crypto if more merchants accepted crypto payments. Credit card companies also stand to gain from crypto's widespread adoption, since respondents cited a strong interest in earning credit card or loyalty rewards in crypto.

RESULTS

Learning & Engaging with Crypto

Which resources do you use to inform your crypto investment decisions?

TOP 5 SOURCES CRYPTO OWNERS USE TO INFORM THEIR INVESTMENT DECISIONS*



KEY STATS

48% of respondents are most likely to use crypto specific websites to inform their crypto investment decisions

No single source referenced was used by more than **50%** of respondents

37% of survey respondents said they would be encouraged to invest more in crypto if more education were available

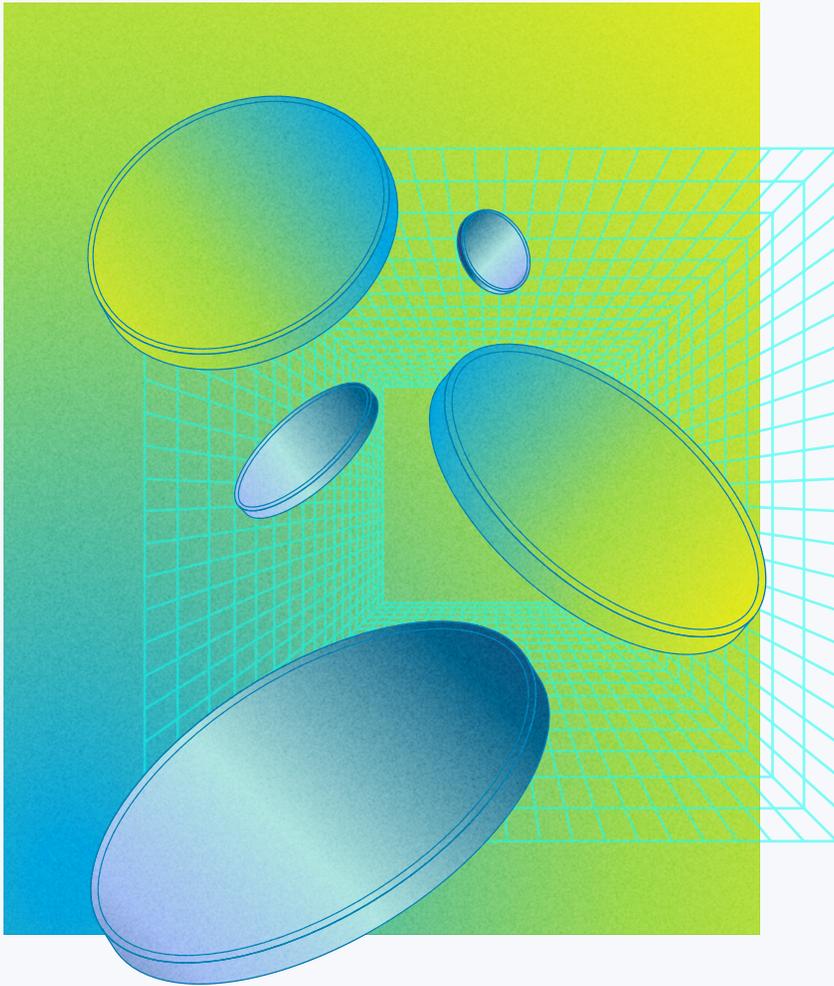
FINDINGS

As a final aspect of the survey, we also wanted to see what resources crypto owners were using to inform their investment decisions. Based on the responses, it is worth noting that crypto owners use a variety of information sources to inform their investment decision-making. While the top resource (48%) was crypto-specific websites, no single source was used by more than 50% of respondents. As companies seek to engage current and prospective crypto customers, they would do well to note this fragmented market as they build their marketing, advertising and educational efforts.

Critically, respondents also indicated a desire for more education on crypto. In fact, 37% of survey respondents said they would be encouraged to invest more in crypto if more education were available.

*Respondents were able to select multiple options, bringing the total to over 100%

Conclusion



Through our annual survey, Paxos set out to understand the average crypto consumer and quantify their habits and attitudes in order to set a benchmark for the industry. This year's survey results confirmed that the crypto marketplace is undeterred by the ecosystem's volatility and the collapse of FTX and Alameda Research. Consumers desire greater accessibility of crypto and more comprehensive integration into daily financial transactions, including those supported by banks and fintechs.

Financial services companies continue to have a tremendous opportunity to attract more business from current and new customers by adding blockchain and digital asset solutions to their existing offerings.

This shift is already underway. Over the last few years, some of the largest and most powerful financial institutions have recruited crypto experts, invested in digital assets research, and become increasingly bullish about crypto's long-term role in customers' portfolios. Wells Fargo, Citigroup, Capital One, Barclays, and UBS have all made significant investments [↗](#) in talent to support their growing digital economy practice areas. Overall, financial services firms posted 395% more crypto jobs in 2021 than in 2020 [↗](#). It's clear that the major players are already staking out their spots in this new economy—and they may establish a competitive edge because of it.

As interest in crypto continues to grow despite market headwinds, helping consumers engage with cryptocurrencies—a clear desire indicated by this year's survey respondents—could significantly contribute to the long-term business models of financial services companies.



About Paxos

Paxos is the first regulated blockchain infrastructure platform whose mission is to redefine the financial system to enable assets to instantaneously move anywhere in the world, at any time, in a trustworthy way. Using technology to tokenize, custody, trade and settle assets, Paxos builds enterprise blockchain solutions for institutions like PayPal, Mercado Libre, Nubank, Bank of America, Credit Suisse, Societe Generale, Interactive Brokers and more. As a top-funded fintech company with more than \$540 million raised from leading investors including Bank of America, Oak HC/ FT, Founders Fund, Declaration Partners, Mithril Capital and PayPal Ventures, Paxos is powering transparent, trusted and transformative financial solutions.

For more information on the survey or to get in touch with Paxos, reach out to insights@paxos.com or visit paxos.com.

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