



# From cash to crypto: the money revolution

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# Crypto as cash: true believers exist amongst persistent wary attitudes

Society is roughly equal parts positive, negative and neutral about the future value and use of cryptocurrencies for both investing and spending online. While a clear crypto ‘type’ exists, every-day relevance and demonstrated benefits will be key to turning the crypto curiosity our research reveals, into a true money revolution.

## Decoding digital currency

Consumers have more choice than ever before in how they transact and store their money. Technical innovation means funds can now be managed in multiple ways, via human and automated control, taking fiat, digital or virtual form.

The latest ING International Survey on New Technologies looks, in particular, at cryptocurrencies; the digital money that in theory allows everyone to economically and transparently transact or invest around the world with a click.

But despite potential benefits, most maintain a limited understanding of what cryptocurrencies are, and operational and regulatory uncertainty remains high. To understand whether they will ever take off for everyday consumers, we ask what people know about cryptocurrencies and whether they, as potential users, have a view of what the future holds.

What we see is that people aren’t looking for cryptocurrencies to replace other monetary forms any time soon. In fact, physical cash, a medium which may have been presumed to be on the way out, retains very high every-day acceptance.

But this isn’t at the expense of a curiosity towards new payment and storage methods, such as digital currencies and cryptocurrencies. A specific type is already aboard the cryptocurrency train.

To maintain clarity, we use the following definitions:

- Cash: physical coins and notes of any currency
- Fiat equivalents: mechanisms that provide direct access to fiat currency e.g. contactless payment cards
- Digital currencies: online currencies created or secured by a central body e.g. Facebook’s Libra or possibly central bank digital currencies in the future
- Cryptocurrencies: online currencies not created or secured by a central body, but by a network of individuals e.g. Bitcoin or Ethereum

## Where are we now?

General attitudes towards the usefulness of cryptocurrencies have not changed drastically from when covered in a similar ING International Survey a year ago. Europeans are generally still in disagreement over the value of owning and using them.



“While a third of Europeans say most of what they know about cryptocurrencies was passively collected via the news (33%) and half (52%) cannot say for certain whether cryptocurrency is controlled by a central body, it’s obvious that we aren’t clamouring to understand it. But whether we would pick it up if it proved useful remains open to debate.” – Jessica Exton, Behavioural Scientist, ING

Attitudes can change quickly, particularly if people recognise an obvious use, and this drives broader social acceptance. Indeed, attitudes already vary between countries.

### The crypto 'type'

Cryptocurrencies, as they exist now, are not generally considered popular or accessible choices for everyday transaction or investment. But we see emerging, what we have labelled, the 'crypto type'. This group are generally more trusting of tech. And if using multiple devices to manage their money, are more likely to smoothly interchange between them, without preference for one device over another.

But what is possibly surprising, is that this group is not the most knowledgeable about cryptocurrencies. When asked about 5 key crypto features, groups with lower or medium knowledge were more likely to demonstrate a positive attitude towards the use of cryptocurrencies, compared to the group with higher knowledge.

### Transition towards cryptocurrencies

To be a viable part of our everyday financial lives, cryptocurrencies will need to be proven useful, relevant to consumers' financial needs and trustworthy.

"If cryptocurrencies are to become mainstream, technical improvements are needed. But to gain trust and acceptance beyond a core group of enthusiasts, affiliation with existing well-known brands would help. In short, cryptocurrency would need to present itself to potential users from within the existing financial framework, instead of placing itself outside." –

Teunis Brosens, Lead Economist for Digital Finance and Regulation, ING



A hybrid - the mix of a digital currency or cryptocurrency, with the familiar elements of regulation, practices and providers we know - may therefore be the next step towards adopting newer methods of payment and investment.

A case in point is Facebook's Libra, the digital currency from a well-known brand. While its initial structure does not, strictly speaking, make it a cryptocurrency, plans to start moving towards decentralised governance in 2025, mean that it may act as a transitional mechanism.

### Diversification

But even if we are to see increased adoption of cryptocurrencies, cash doesn't look like it's going anywhere soon. The future of currency storage and transaction could therefore be one of increased diversification, the choice depending on use.

The potential benefits of cryptocurrencies, including speedy cross-border transactions, make them relevant for activities such as larger payments or international transfers. Other traits like high volatility and a lack of acceptability make cryptocurrencies less useful for others, such as everyday payments or investments made by cautious consumers.

Cryptocurrencies remain a volatile and largely speculative asset but won't necessarily stay this way forever. As for whether crypto is on its way to becoming the new cash: we see uptake of all payment and investment options as they prove relevant and useful continuing. Diversification is therefore more likely.... at least for now.

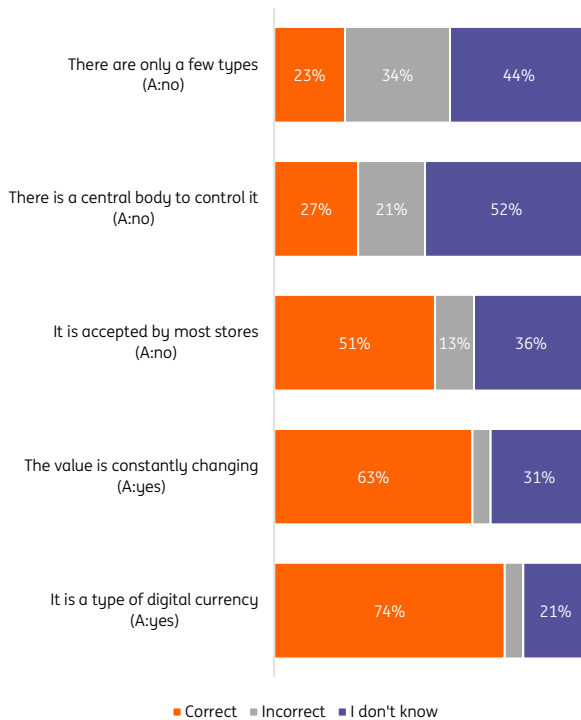


Knowledge gaps and  
crypto 'types' coexist

# Many know little about cryptocurrencies

*“Unsurprisingly, many have heard of cryptocurrencies and know a little about what they are. But most do not know how they work.”*

## ‘Is this a feature of cryptocurrencies, such as Bitcoin or Ethereum?’



Sample size: 12,813

European respondents only.

### Lots of “don't knows” when it comes to crypto

The survey presented five statements on cryptocurrencies which people were asked to mark as correct or incorrect. At the two extremes, most people (74%) understand that cryptocurrencies are a form of digital money but almost the same percentage (73%) either incorrectly think cryptocurrencies are controlled by a central body or say they don't know whether this is the case.

Knowledge however is not the only potential driver of adoption. Familiarity plays a role. For example, we know from previous survey evidence that familiar ways of interacting with technology, such as inputting a password, are more trusted than newer options such as voice recognition. Similarly, a quarter of people (27%) say they are open to receiving cryptocurrency offerings from familiar bodies, agreeing banks should offer current accounts in crypto.

This suggests that incremental developments in how decentralised currencies are made available for use, may be more palatable than drastic change. A digital currency hybrid - a mix of new forms of currency and the familiar elements of regulation, practices and providers we know - may therefore act as a transitional tool.

### Five facts about cryptocurrencies:

- They are a digital asset. No one can physically hold one.
- There are lots of them. Bitcoin is the most famous, but there is also Ethereum, Litecoin, Zcash, Dash and Ripple (and more).
- They can change in value. In the past two years, Ethereum has been as low as \$107 and as high as \$1,098.
- There is no central control.
- Most online shops don't accept them. But exceptions exist e.g. in October 2018, Microsoft reported accepting Bitcoin deposits.

# Yet a handful of true believers exists

*“Relatively small groups say they are positive about the future of crypto”*

## Cryptocurrency, something new and unconventional

People are wary of cryptocurrencies - a reflection, most probably, of their being new and relatively intricate. The workings of blockchain, the idea of mining for something intangible and storing it in a digital wallet is, after all, novel and unfamiliar for many.

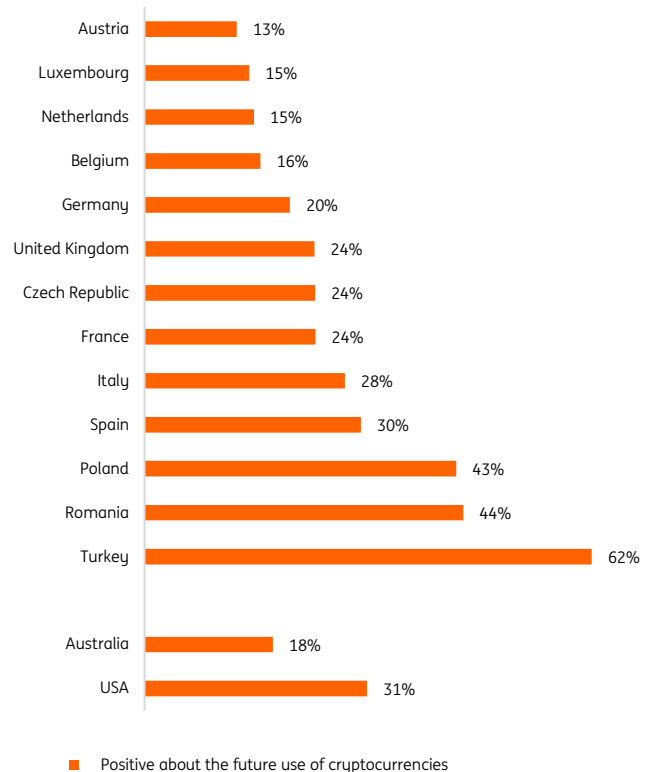
In all countries except Turkey, a minority of people who knew at least a little about cryptocurrencies, that is, who could correctly classify at least one of the five statements from the previous page, indicated they had a relatively positive attitude about future use.

As to be expected, this group shared some similar characteristics. They were more likely to rate newer technologies such as voice, face and fingerprint login as secure. And of those who used multiple devices to manage their money, did so without preference for one over another, trusting a variety of different technologies.

**This index of positive attitudes towards cryptocurrencies was generated with equal weighting of the following questions:**

- Are people who bought cryptocurrencies still happy today?
- Is this virtual money the future of online spending?
- Is cryptocurrency the future of investing?
- Will the value of cryptocurrency rise over the next 12 months?
- Should banks open crypto-denominated accounts?

## Generated index of positive attitudes towards cryptocurrencies



Sample size: 12,059

Responses collected from people who could correctly identify at least one out of five statements on cryptocurrencies as true or false.

# Knowing a little, not a lot, brings confidence

*“The more you know about cryptocurrencies does not necessarily mean you think it is something you want to be involved with.”*

## A positive outlook doesn't mean high knowledge

When attitudes were compared to knowledge of cryptocurrencies, it was the people who knew not much or a little, who were more likely to be positive about the future use of cryptocurrencies.

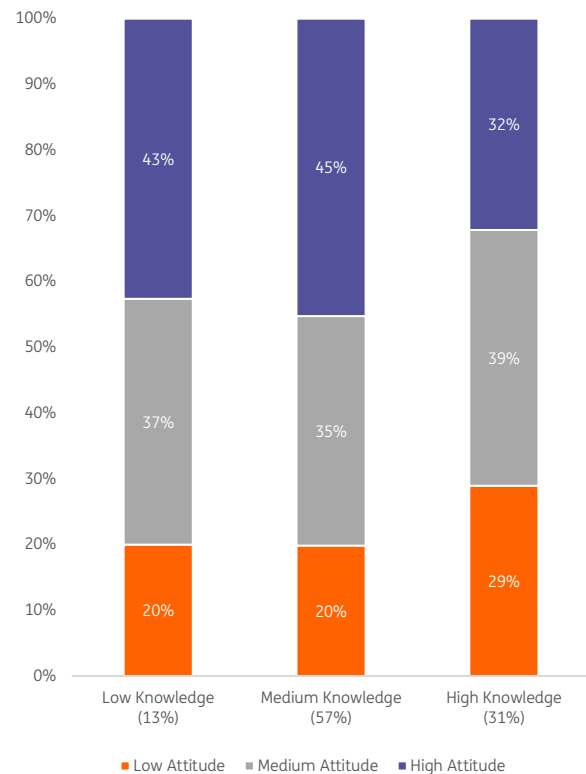
Of the 13% in Europe who could correctly identify one of the five statements as either true or false, and therefore were labelled as having low knowledge, most either had a high (43%) or medium (37%) attitude towards the future of cryptocurrencies. This was almost identical for those who could correctly identify two or three out of the five statements, demonstrating medium knowledge.

Those with higher knowledge, correctly identifying at least four out of five statements, were however, more likely to have a lower attitude towards the future use of cryptocurrency – this demonstrates that the curious aren't necessarily convinced of cryptocurrency.

## Overall attitudes relatively positive

Only those who could correctly identify at least one statement on cryptocurrencies as true or false (82% in Europe) were asked about their attitudes. Attitudes of this entire group were slightly skewed towards being positive with 23% reporting a low attitude, 36% medium and 41% high.

**Generated index of attitudes towards cryptocurrencies crossed with level of understanding of cryptocurrencies**



Sample Size: 10,507

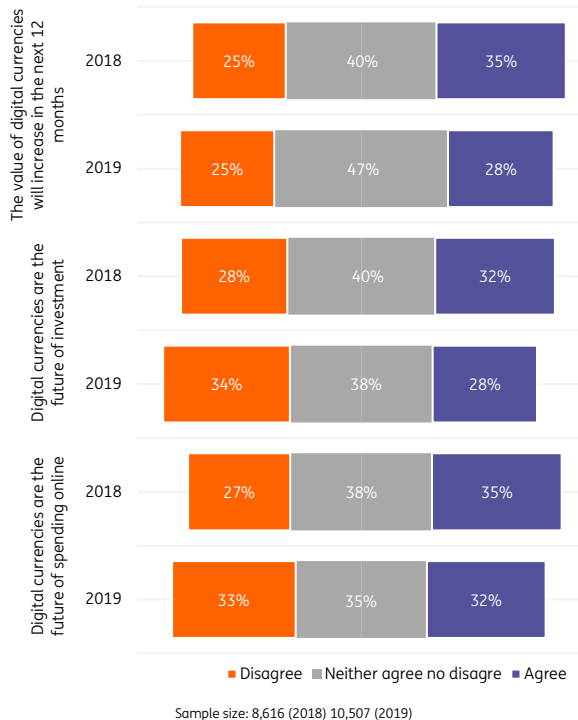
Europe respondents only. Responses collected from people who could correctly identify at least one out of five statements on cryptocurrencies as true or false. Attitudes index calculated using equal weighting of responses to seven questions cryptocurrencies.



# Crypto attitudes weren't volatile in the past year

*“Unsurprisingly, given the new and unconventional nature of cryptocurrencies, there is little consensus about how they will develop. Society is undecided on what the future of cryptocurrencies holds.”*

**Do you agree or disagree with the following statements:  
Cryptocurrencies – such as Bitcoin – will increase in the next 12 months; are the future of investment; of spending online**



European respondents only. In 2019 questions were asked to those who could correctly identify at least one out of five statements on cryptocurrencies as true or false. In 2018 questions were asked to people who agreed they had either heard of, owned or expected to own cryptocurrency in the future.

## Who knows what the future will bring?

Only 32% of Europeans say cryptocurrencies are the future of online spending. This was slightly lower than a year ago (35%). Fewer people (28%, down from 32%) also see such currencies as a future storage of value for investment.

Some of this will be due to unfamiliarity. In all cases, the “don’t knows” were the largest group when it came to questions about the future of cryptocurrencies.

*“The price history of decentralised cryptocurrencies like Bitcoin is hardly conducive to easy forecasting (or cautious investing). The cost of a bitcoin rose from around \$900 in early 2017 to a high above \$19,000 at the end of that year, before “crashing” to around \$3,000.” – Carlo Cocuzzo, Research Analyst, ING*

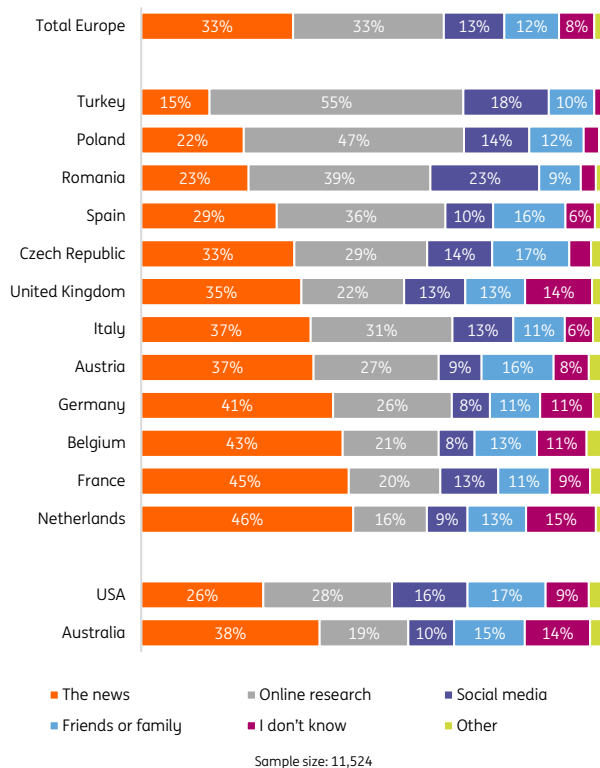
Volatility, unfamiliarity and wariness of new tech are hurdles facing new entrants. But one of the latest, Facebook’s Libra and its digital wallet Calibra, is an example of the previously mentioned hybrid. Libra is a digital currency and it is based on blockchain technology. But unlike “true” cryptocurrencies, it is not decentralised, at least it won’t be at launch. Instead, both transaction validation and coin minting will be managed by a selected group of Members. This means that while Libra may be similar to cryptocurrency from a technical perspective, it is radically different from a governance and monetary perspective – at least in its initial phase (Libra is supposed to be decentralised after 2025).



# The news and research are top knowledge sources

*“If interest in a subject is judged by the chatter among friends and family, then cryptocurrencies are not exactly a hot topic at home or in the pub.”*

## Where have you learned most of what you know about cryptocurrency?



Responses collected from people who could correctly identify at least one out of five statements on cryptocurrencies as true or false.

\*Luxembourg excluded due to coding error. Responses similar to other countries.

## The passive and active search for crypto

Only 12% of Europeans said they had learnt most of what they know about cryptocurrencies from people around them. In our survey last year 8% of people said they would take advice on the subject from their friends or family.

Many people appear to build their knowledge of cryptocurrencies passively, with their main information source being the news (33%) or social media (13%).

In perhaps the strongest indicator of interest, this year's survey found that for a third (33%) of people, their main source of crypto knowledge was actively sourcing insights online. \* This fits with last year's finding that 27% of respondents used the internet and specialist websites to get information on crypto.

*“In general, we aren't clamouring to understand the details of how cryptocurrencies work, or even what they are. But there are clear differences in how people are learning about cryptocurrencies across countries, suggesting that for some, interest may be influenced by the local context.”* – Jessica Exton, Behavioural Scientist, ING

\*A quick, unscientific Google search for the word “cryptocurrency” threw out 96.7 million hits. The words “cryptocurrency benefits” gave 33.2 million; “cryptocurrency risks” gave 14.1 million.

# We are unsure about a crypto current account

*“Banks may be a source of cryptocurrency guidance for some curious consumers”*

## Mixed expectations of mainstream banks

Led by cautious Austrians, Germans and Beneluxers, many Europeans are not keen on the idea of their banks offering accounts in cryptocurrencies like Bitcoin. A quarter (27%) in Europe favoured the idea, against 40% that opposed it.

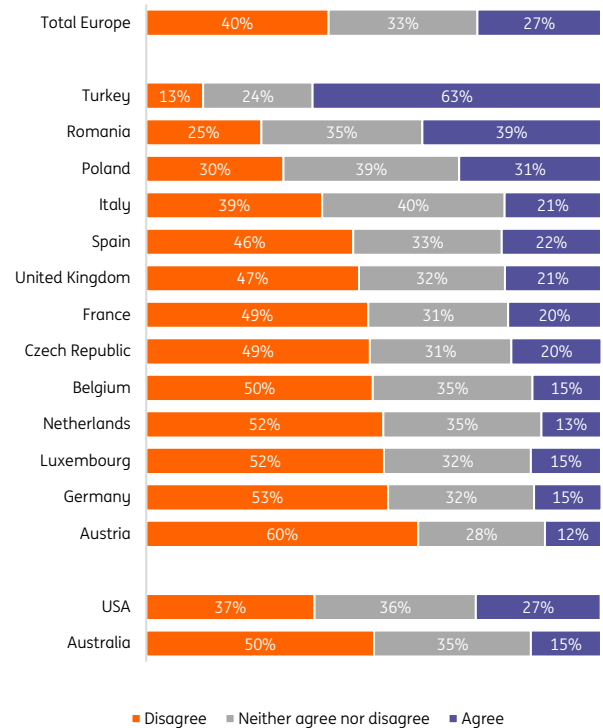
While there will be many reasons for this - culture and familiarity being two - it does raise the question of whether combining crypto and mainstream banking services is something that would fly. Coming back to the idea of a hybrid offering that combines the familiar with the new.

**40%** in Europe oppose banks offering current accounts in cryptocurrency

Should banks choose to move into the sector, it's worth noting that many consumers remain on the fence regarding mixing banking with cryptocurrencies. Opposition (40%) was only slightly larger than the group selecting “I don't know” (33%).

Our surveys, meanwhile, have consistently shown that the adoption of new tech in finance follows a general curve, as people become more familiar and more open to trying out something new.

## Do you agree or disagree with the following statement: Banks should offer current accounts in cryptocurrency such as Bitcoin



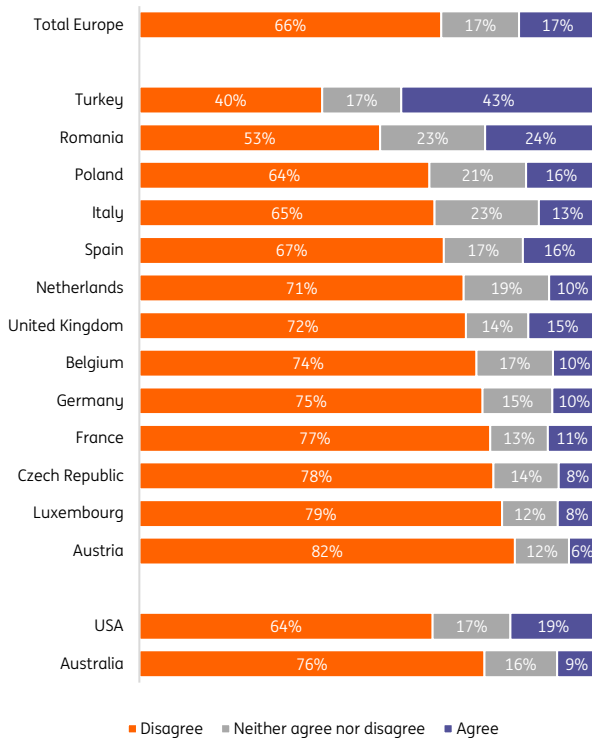
Sample size: 12,059

Responses collected from people who could correctly identify at least one out of five statements on cryptocurrencies as true or false.

# And finance doesn't mix with social media, yet

*“Anyone expecting social media to become a major factor in personal finance may have to wait. Although for how long, remains to be seen.”*

## Do you agree or disagree with: I would send money to friends or family using social media



Sample size: 14,824

Asked to everyone.

## Social media? No thank you

At the time of our survey, trust was very low when it came to the idea of sending money to family or friends across platforms such as Facebook, Twitter or Instagram. Some 66% of Europeans dismissed the idea completely versus only 17% who agreed they would do so.

Even in countries generally expressing more faith in new tech, the lack of trust was strong. In fintech-positive Turkey, for example, 40% were against the idea versus 43% who said they would use social media to send money. This overall scepticism gels with our survey last year that found more than half of Europeans say they would never use Facebook to pay for goods and services in store or online.

Facebook is however not marketing Libra as a Facebook coin. Libra will be managed independently from the start, and open to other corporate members. Facebook will likely build the first wallet for Libra, called Calibra, and will want to integrate this with its other services to some extent.

*“Libra will be one of the first major tests in the field for social media companies. One key question pertains the regulatory environment and how this would evolve both from a domestic and a cross-border perspective.”* – Teunis Brosens, Lead Economist for Digital Finance and Regulation, ING

It should be noted that this survey was conducted before Libra was officially announced.



Cash still considered a valuable commodity

# Cash basics still in high demand

*“Many want physical coins and cash available, regardless of whether they are a frequent user”*

## Is cash still king?

We might say the inverse of cryptocurrency is cash - visible, tangible and pretty much accepted everywhere. But do people still want it, given it is being increasingly side-lined by such things as contactless payments and mobile payment apps?

The short answer is yes, at least for now. Only 22% of Europeans and 18% of Americans told us in the survey they would prefer it if cash did not exist. In a 2017 ING International Survey, a slightly larger group of Europeans (34%) and Americans (38%) said they would go completely cashless if they could.

**54%** disagree with the statement, 'I would prefer it if cash no longer existed'

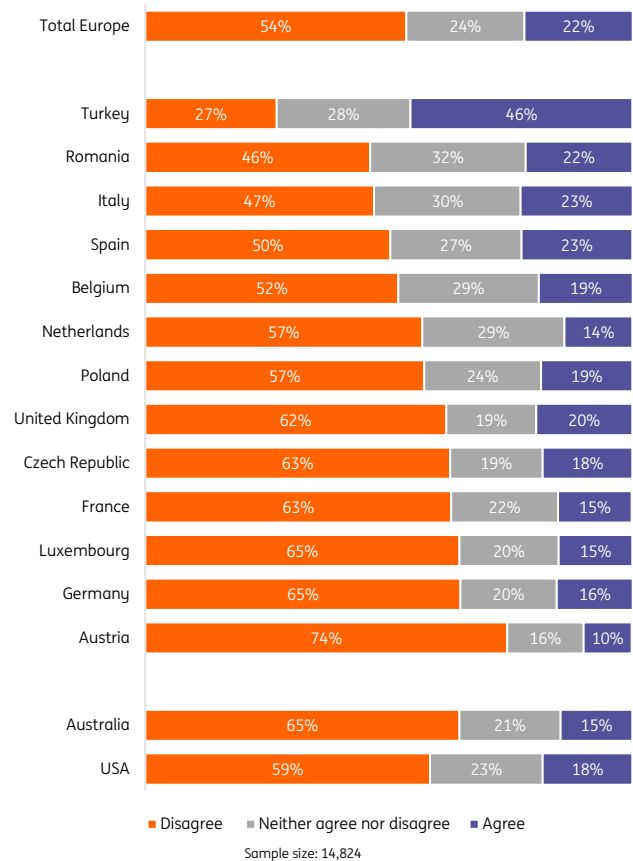
This does not, of course, mean that people prefer cash to newer payment techniques. It means that many would like the option of using cash to remain open. Which could, as more options become available, lead to diversification of payment activities. The choice made based on the nature of the transaction and preference of consumers.

## The cashless

Breaking down the responses, we found people who would like to say goodbye to cash completely are more likely:

- To be men
- To be in full-time work or study
- To have a higher education
- To have a higher income
- To be young

## Do you agree or disagree with the following statement; 'I would prefer it if cash no longer existed'



Asked to everyone.

# We still consider ourselves cash users

*“Despite the increasing number of non-cash payment options and talk of cashless societies, there are some areas where cash shows no sign of crumbling.”*

## What is cash for?

Asked how they usually pay for things, most respondents said cash when it came to coffee and lunch, public transport, taxis or giving pocket money. A large percentage also use cash at restaurants and when lending money to friends and family.

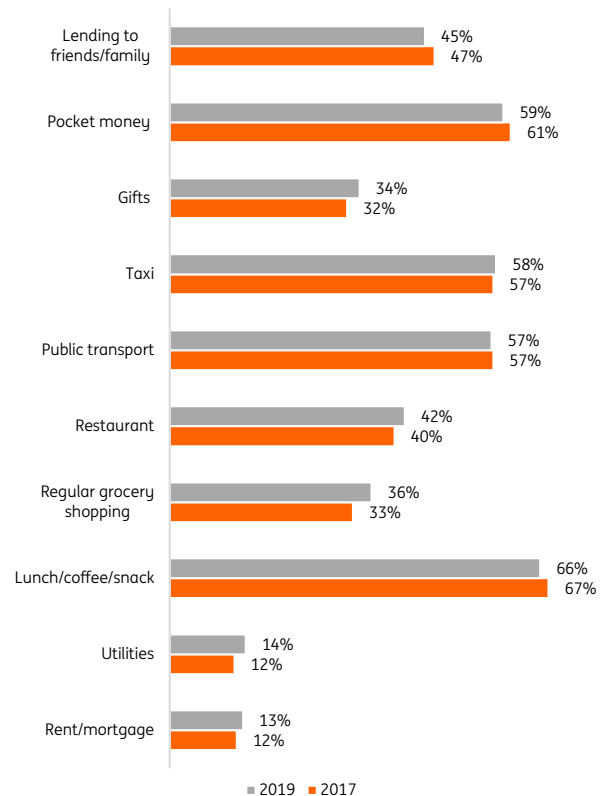
Little has changed here in the past two years. The percentages were barely different from those in our 2017 survey, suggesting the use of cash is remaining relatively stable for some expense types. These findings do not reflect total transaction volume or value however, but what people consider as their go-to payment option.

*“Our demand for cash appears relatively stable, despite increased payment options. While some of this will be driven by what’s accepted and what we are used to, it also suggests cash retains an everyday value not met by alternatives”* – Jessica Exton, Behavioural Scientist, ING

A noticeable share of people rely on cash for many of their daily transactions. The RSA in the UK argues in 2019 that 2.2 million people rely almost wholly on cash, up from only 1.6 million people in 2014. A move to digital currencies may disturb these people. Meanwhile a 2019 report by KPMG in Australia suggests further digitisation of money will increase financial inclusion.

Sources: <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/future-of-digital-banking-in-2030-cba.pdf>, <https://www.thersa.org/discover/publications-and-articles/reports/cashing-out>

## ‘How do you usually pay for the following expenses’



Sample size: 12,813 (2019) 12,662 (2018)

European consumers only. Percentage of people who selected cash, other options were non-cash (e.g. by card, mobile banking, cheque, etc.) and I never had this type of expense.



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## About the ING International Survey

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Countries are compared in this report

The ING International Survey promotes a better understanding of how people around the globe spend, save, invest and feel about money. It is conducted several times a year, with reports hosted at <https://think.ing.com/consumer/ing-international-survey/>.

This online survey was carried out by Ipsos from 30 January to 11 February 2019.

Sampling reflects gender ratios and age distribution, selecting from pools of possible respondents furnished by panel providers in each country. European consumer figures are an average, weighted to take country population into account.

1,000

Respondents on average were surveyed in each, apart from Luxembourg, with 500

14,824

Is the total sample size of this report



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