



Adoption and usage of bitcoins by consumers and retailers in the Netherlands

**Nicole Jonker – De Nederlandsche Bank
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The views expressed in this presentation are mine
and do not necessarily represent
the views of DNB or the ESCB

Cryptos like bitcoin are often in the media

Bitcoin turns out to be tough rascal

De Telegraaf, March 13th, 2014

Paying with bitcoins best in city of Arnhem

NOS op 3 November 27th 2014

What if the Bitcoin bubble bursts?

The Economist Jun 3rd 2017

Bitcoin is like Tulipmania, says ECB vicepresident

Financial Times 22 September 2017

Bitcoin nears \$10,000 mark as hedge funds plough in

The Guardian, 27 November 2017

Crypto money laundering

The Economist, April 28th 2018

Amsterdams lawyer Plasman not allowed to accept Bitcoin payments

Parool, January 16th, 2014



Agenda

- Adoption and usage of cryptos by consumers
- Acceptance of cryptos by e-retailers
- Are cryptos money?
- Wrapping up

Adoption and usage cryptos by consumers

- Who owns cryptos?
- How often do people use cryptos for online payments?

Data consumers

- Survey among 30,000 NL consumers, age 12+
- GfK consumer panel
- 1 day payment diary + questionnaire
- Each day about 80 people were interviewed during 2017

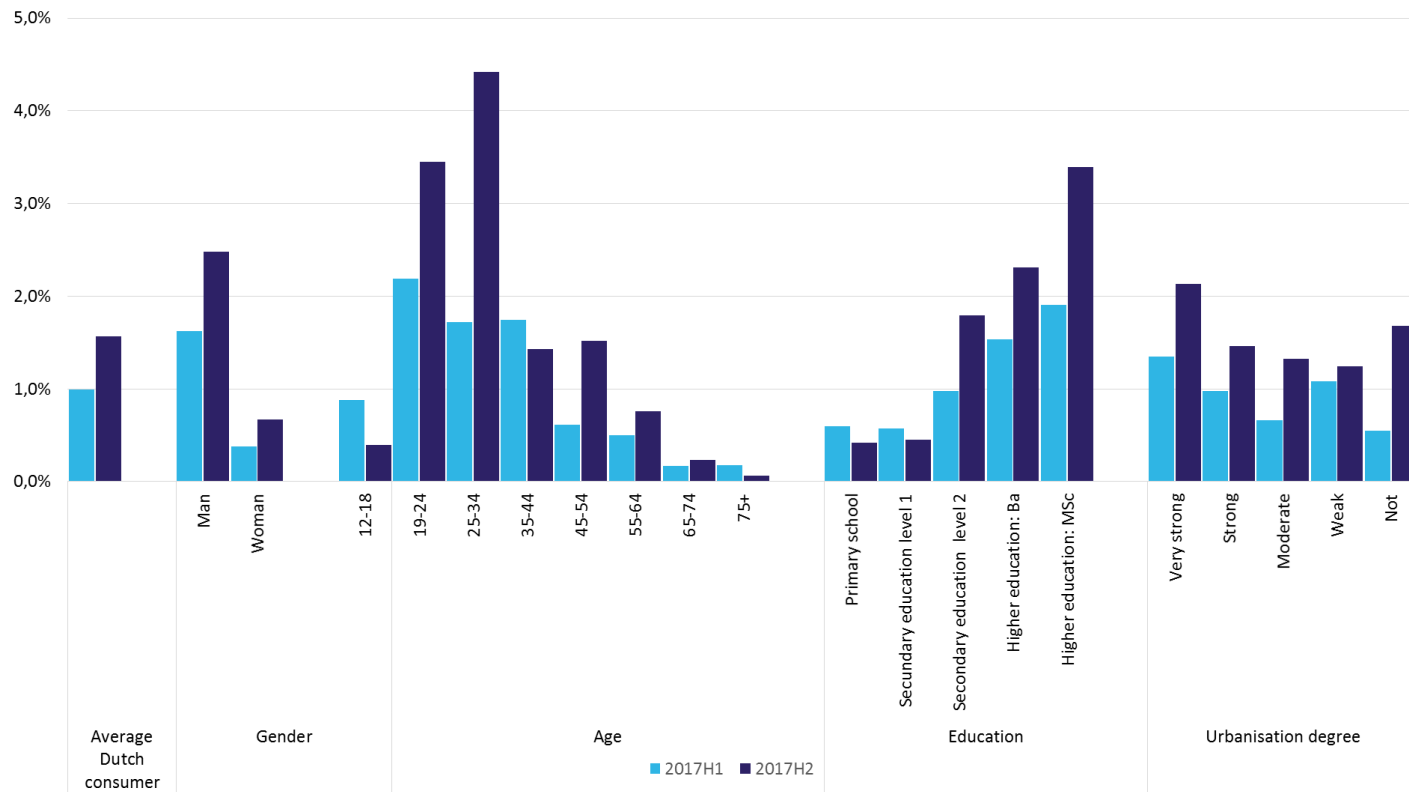


Who in the audience owns cryptos?



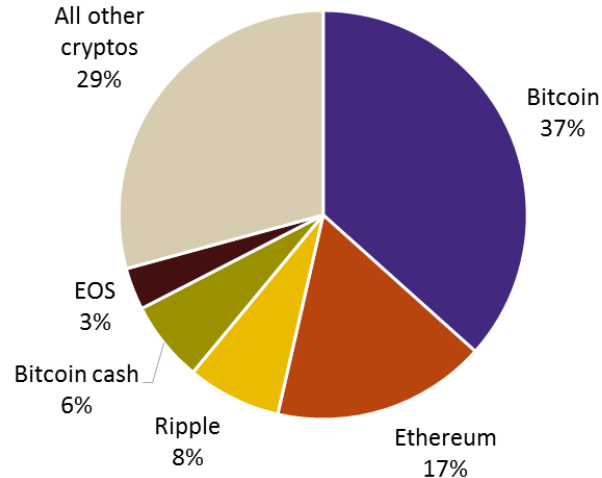
Possession cryptos has increased

Increase crypto possession from 1% in '17H1 to 1.6% in '17H2

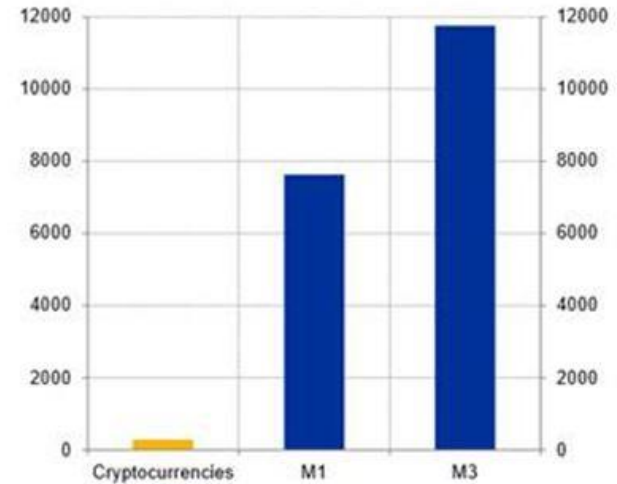


'Monetary value' cryptos low compared to value monetary aggregates M1 and M3

- More than 1,000 cryptos
- Total 'value' \$ 431 billion (7 May 2018)
(<https://coinmarketcap.com/coins/1>)



The market value of cryptocurrencies and monetary aggregates (€ bn)

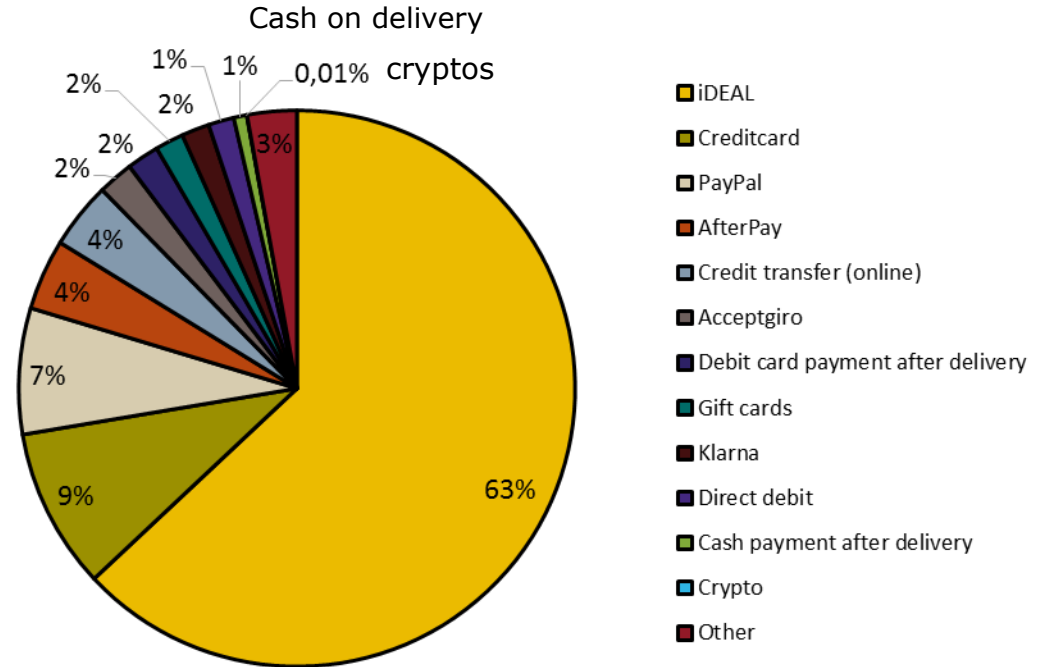


Sources: coinmarketcap.com and ECB.

Notes: Cryptocurrency are digital currencies using cryptography as security feature and are not issued by a central bank.

Last observation: August 2017 for monetary aggregates and 29 November 2017 for cryptocurrencies.

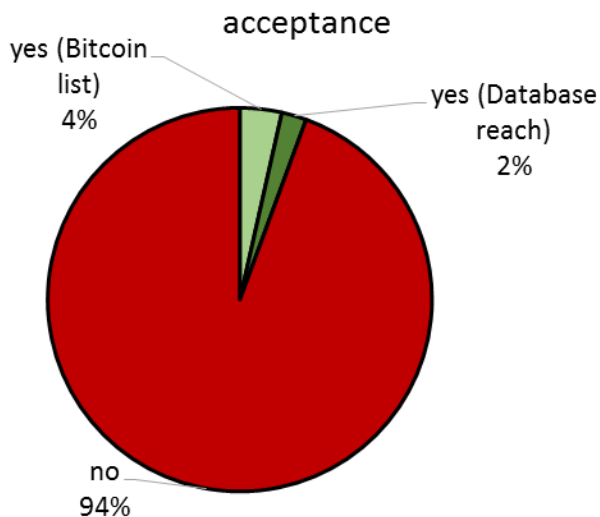
Consumers hardly use cryptos for e-payments



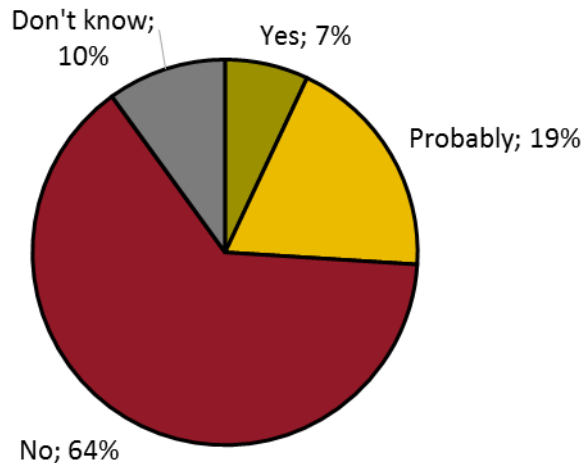
Data online retailers

- Survey among 768 online retailers in NL
- Company database REACH and bitcoin acceptance list
- Market research company Panteia CATI in Nov-Dec 2016
- Aim: gain insight into adoption intention of crypto payments by online retailers

Low crypto acceptance, but substantial adoption intention among retailers



Adoption intention non-acceptants



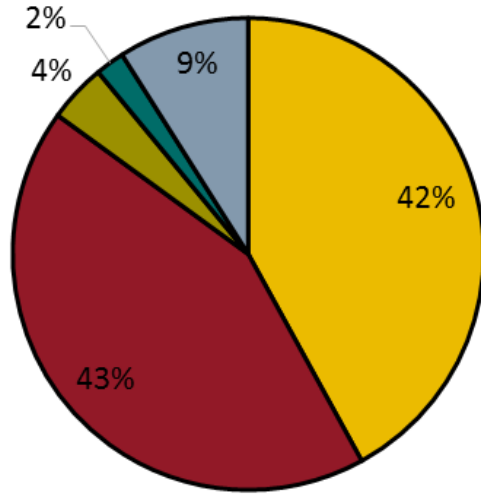
Features crypto accepting retailers

- Relatively young
- Web store exists for 2 – 5 years
- Hardly any female customers
- No specific sector
- Makes use of a payment service provider

Reasons for accepting crypto payments

| | |
|---------------------------------|-----|
| 1. To attract new customers | 42% |
| 2. Consumers ask for it | 23% |
| 3. Interest in new technologies | 21% |
| 4. Low transaction fees | 7% |

Hardly any crypto revenues by crypto accepting retailers



■ No crypto payments ■ 1 - 5% ■ 6 - 10% ■ 11 - 20% ■ Don't know

Are cryptos money?

- 3 economic functions of money:
 - Unit of account
 - Store of value
 - Medium of exchange
- Crypto "currencies"?



Wrapping up

- Crypto possession in NL was low ($<2\%$), but is increasing
- Crypto acceptance by e-retailers also low (2%), but may rise
- Consumer demand is key...
-but consumer demand is lacking
 - => Cryptos are hardly used as a medium of exchange
 - => Cryptos do not fulfil the function of money
 - => Cryptos do not seem to pose a threat to cash

A hand is pointing its index finger towards a large, glowing Bitcoin coin. The coin is partially obscured by a dense, swirling trail of digital particles, suggesting a digital or virtual nature. The background is a blurred green, possibly foliage.

**Thank you for
your attention**

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