



**Commonwealth of Massachusetts
Division of Banks**

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Conference of State Bank Supervisors
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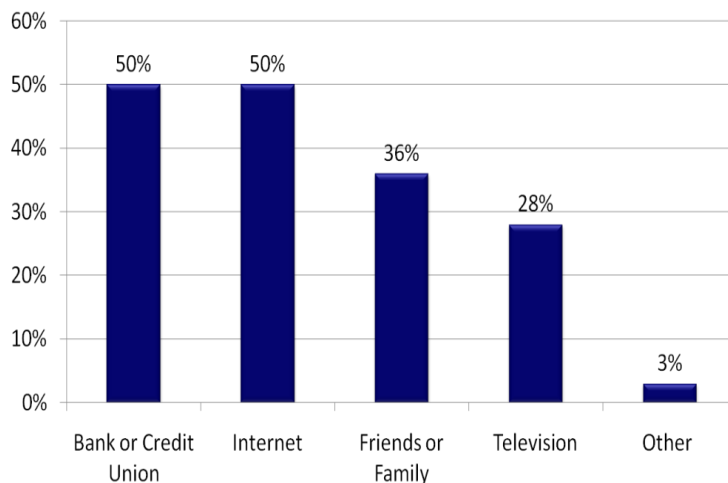
2014 Consumer Survey: Consumer Attitudes on Bitcoin and Other Virtual Currencies

About the Survey:

A national survey was conducted to study consumers' awareness and use of virtual currencies, as well as the drivers of consumers' decisions on whether or not to use Bitcoin or any other virtual currencies. The study was commissioned by the Massachusetts Division of Banks, as a consumer-research initiative coordinated in conjunction with the Conference of State Bank Supervisors (CSBS) recently formed Emerging Payments Task Force (Task Force). The Task Force, comprised of senior state banking regulators, is taking a comprehensive look at the changing payments landscape to identify opportunities for a coordinated state approach in addressing virtual payments issues as well as promote compliance, security, and protection for consumers.

Key Survey Findings:

Sources of Financial Information

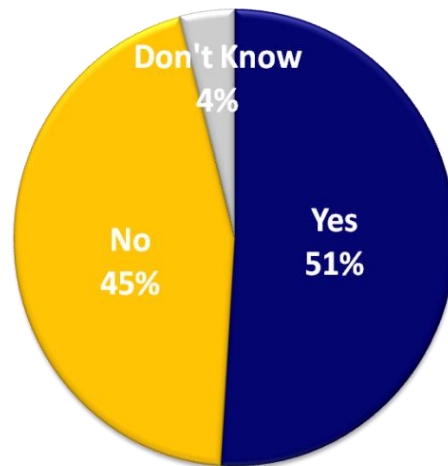


Respondents indicated they learned about banking or financial products from their bank or credit union, or from the Internet. Fewer received this information from friends or family, television or "other" including financial planners or the newspaper.

Note: Respondents could select more than one answer.

Awareness of Bitcoin and Other Virtual Currencies

Over half of respondents (51 percent) said they had heard of Bitcoin or another virtual currency. Among those who heard of virtual currency, the most common sources of information were the Internet (54 percent) followed by television (25 percent).



Level of awareness varied by Gender, Race, Income and Education...

Men (64 percent) were more likely than women (38 percent) to be aware of virtual currency;

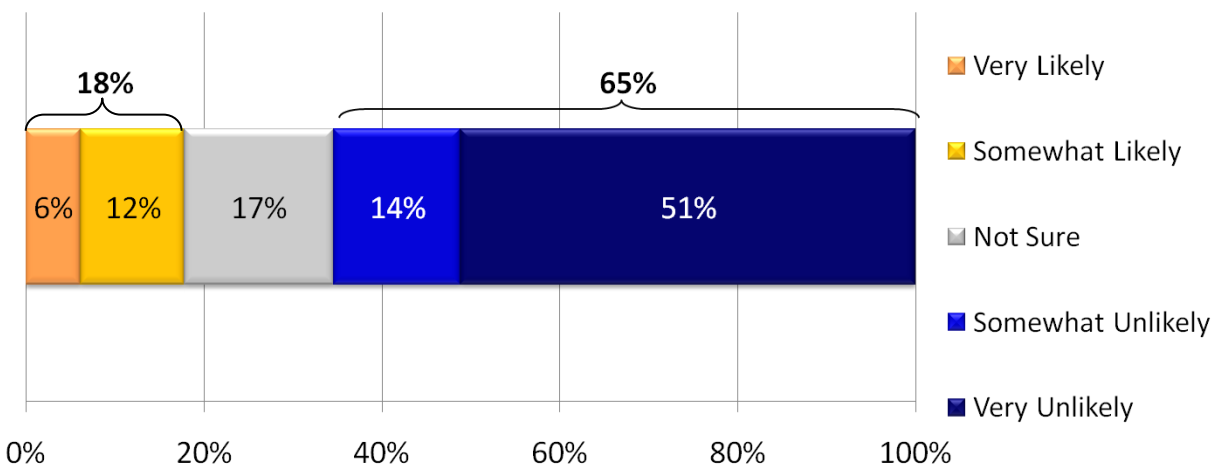
Whites (54 percent) and Hispanics (51 percent) were more likely than African Americans (37 percent) to have heard about virtual currency;

More individuals residing in households with income over \$100,000 (70 percent) have heard of virtual currencies than those in lower-income households (43 percent);

A higher percent of college graduates (67 percent) are more aware of Bitcoin or another form of virtual currency, with remaining respondents having a high school diploma or less (37 percent).

Likelihood of use of Bitcoins or other virtual currencies

Of the respondents who had heard of Bitcoin, only three percent of respondents had purchased or used virtual currency. Of those most likely to have purchased were young respondents, aged 18-24 years old, as well as Hispanics. When respondents were asked how likely they would be to purchase or use Bitcoin, two-thirds (65 percent) of respondents said they were somewhat or very unlikely to purchase or use Bitcoins in the future.



The likelihood of purchasing Bitcoins varied dramatically by population subgroup:

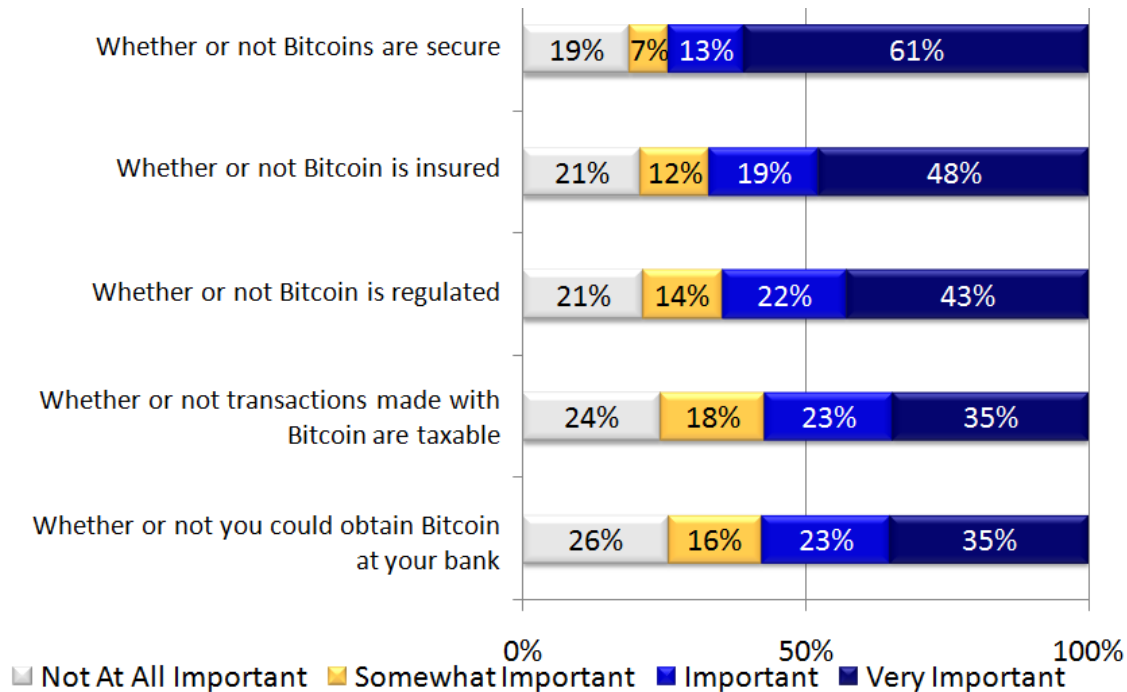
- Younger respondents reported much greater willingness to purchasing Bitcoins than older respondents. Among 18-24 year olds, 43 percent said they were “very likely” or “somewhat likely” to purchase Bitcoins, compared with only 8 percent of those older than 55. Among those 65 or older, 75 percent said they were “very unlikely” to purchase Bitcoins.
- A greater proportion of Hispanics (30 percent) and African Americans (24 percent) than whites (14 percent) said they were at least somewhat likely to purchase Bitcoins.
- Respondents with high household income were least likely to say they may purchase Bitcoins in the future (11 percent of those with at least \$100K in household income, vs. Nineteen percent of those with less than \$100K).

43% of 18-24 year olds said “very or somewhat likely” they will purchase Bitcoins, compared to 8% of those over 55.

Concerns Expressed Related to Virtual Currency

The top concern of respondents related to Bitcoin was whether or not the virtual currency is secure. Other important factors included whether or not the virtual currency is insured and/or regulated.

How important are various factors in your decision whether to purchase or use Bitcoins?



Of 354 respondents who answered the above question concerning relevant information needed before using Bitcoins or virtual currency, additional open-ended comments were provided:

- 87 respondents or 25 percent said they would never use Bitcoins;
- 59 respondents or 17 percent said they would want to know whether Bitcoins were safe before purchasing them;
- 50 respondents or 14 percent said they did not understand the purpose of virtual currency;
- 47 respondents or 13 percent said they would want to know whether Bitcoins will hold their value.

Other Information Consumers Seek on Virtual Currency

Respondents expressed interest in other relevant Bitcoin or virtual currency topics. Some of the additional questions coincide with those related to the security and legitimacy of Bitcoin or other forms of virtual currency.

Any other information you would want to know before you felt comfortable using Bitcoins?

- What benefits (if any) Bitcoins offer over traditional currencies
- Whether Bitcoins will hold their value over time
- What vendors accept Bitcoins
- How many other consumers use Bitcoins
- Whether Bitcoins are “refundable,” or transferrable into dollars
- Whether fees are associated with purchase and use of Bitcoins
- Whether Bitcoins customers’ personal information is secure
- Whether Bitcoins are legal and/or “legitimate”
- The history/background of Bitcoins
- How the process of purchasing and using Bitcoins works
- The exchange rate of Bitcoins to dollars
- How Bitcoins accounts can be monitored
- To what extent Bitcoins are used in illegal transactions

Survey Methodology

Using an omnibus online survey method, a national survey was conducted by ICF International from May 22-25, 2014 of 1,014 adults age 18 and older. As part of the sample selection, respondents were asked to provide demographic information including their gender, age, race, geographic location, household income, household size, age of any children, and education level to ensure a meaningful representation of participants. The online study was conducted using a non-probability sample from a pre-recruited panel of respondents; a margin of error is not reportable. Had this been a probability sample, the sample error would have been +/- 3.2 percent.