

Who Uses Cryptocurrencies and Why: Trading Thrills more than Payments Men Twice as Likely as Women; Crypto Users Care About ESG

(May 20, 2021, Rye, NY) – The 1 in 12 U.S. households who use cryptocurrencies are heavily male, Millennial or Gen X, more attracted to the allure of trading, and care more about environmental, social and governance (ESG) than non-crypto users, according to a new research report by [Hearts & Wallets](#), the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice.

The analysis of consumer cryptocurrency attitudes and behaviors is part of the annual Hearts & Wallets report on **Investment Products & Asset Managers**. This report examines online trading behaviors, investment goals, including ESG, asset allocation, product types, online brokerage and investor awareness of asset managers. The analysis is based on a 2020 survey of 5,920 U.S. households with trended and competitive data from the Hearts & Wallets Investor Quantitative™ Database. This database is recognized as the largest single dataset on consumer buying patterns with over 100 million data points from 60,000 U.S. households.

Risky Business?

Three out of 4 crypto users say they use cryptocurrency to trade. Crypto users, especially traders, are 6 times more likely than non-users to be very comfortable with investment risk, or “accepting volatility in with the hope of getting a higher return.” For consumers who use crypto to trade, 33% are very comfortable taking risks with investments vs. 5% of non-users.

In addition, consumers trading on their own without an investment professional in online brokerage accounts is on the upswing, now including almost half of U.S. households. Crypto trading is related to this steady growth of online brokerage account trading. Higher trading activity is tied to higher risk tolerance in investing, which is tied to higher appetite for risk in life, as shown by a correlation between risk taking in trading and enthusiasm for resuming consumer behaviors that many would consider risky during the COVID-19 era.

“Many crypto users seek out risk,” Laura Varas, CEO and founder of Hearts & Wallets said. “The appetite for risk goes beyond tolerating market volatility. They seem to seek it out for the thrill. Currency trading is among the riskiest of financial behaviors. In an interesting dichotomy, many younger, lower-asset and female consumers are probably under-exposed to equity relative to their phase of life.”

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Who's Using Crypto and Why

Of the households who use crypto, half are Millennials and one third are Gen X. Gen Z and Boomers crypto households both number under 1 million. Millennials, Gen X consumers are 5 to 7 times more likely to use crypto than Boomers.

Men (11%) are twice as likely as women (5%) to use crypto. Crypto users are more likely than the overall U.S. population to have annual incomes of above \$96,000 and investable assets of \$100,000 to \$500,000.

Crypto use is most common among customers of American Funds, USAA, Ameriprise, Prudential, E*Trade, State Farm and TD Bank with 1 in 8 customers reporting crypto use. Vanguard customers are the least likely to use crypto.

Although some crypto users cite traditional currencies being unreliable as their reason for using crypto, 7 in 10 say a reason is "high volatility creates opportunities to make money trading." Anonymity is also a factor for a smaller number of users. Most crypto users use cryptocurrencies to trade vs. make payments.

Crypto users are more likely to know their investment goals than non-users (85% vs. 58%). On average, crypto users place higher importance on ESG and limiting volatility investing goals than non-crypto users.

Financial Acumen and ESG

Use of cryptocurrency is flat across investable asset segments but is strongly linked to perceived investing experience. Consumers who consider themselves very experienced investors are 5 times more likely than very inexperienced investors to use crypto (24% vs. 5%).

When it comes to understanding common saving and investing terms on a recent Hearts & Wallets recent financial fluency survey, crypto users scored higher than non-users. Still, only 28% of crypto users achieve a passing grade.

"Many crypto users aren't novice investors," Amber Katris, Hearts & Wallets "Even with their perceived investing experience, these consumers could benefit from understanding the risk they are taking on in their portfolios. The same is true for do-it-yourself online traders. Trading and crypto trends have significant implications for investing and mobile payments."

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Investment Products: Need to Refocus on Basics

Consumer crypto use is one research finding of the Hearts & Wallets report that analyzes consumer ownership and awareness of investment products and awareness of asset managers. The report reveals ties between the increasing complexity of investment solutions and lower exposure to equity solutions for lower-asset consumers. This research also tracks the decline in mutual fund ownership, whose owners tend to be less confused by investment information. The decline in mutual funds has not been filled by growth of ETFs. Continuing the theme of confusion, many consumers struggle to identify the asset managers behind their investment products.

Fewer consumers can identify their investment goals than the investment products they own or their asset allocation. ESG interest is highest among Millennials, especially those with higher assets, with younger men allocating the most points toward this goal.

Methodology

These cryptocurrency findings are part of the new research report *Investment Products & Asset Managers*, which examines cryptocurrency attitudes and behaviors, online trading behaviors, investment goals (including ESG), asset allocation, product types, online brokerage and consumer awareness asset managers, drawing from the Hearts & Wallets Investor Quantitative™ Database (IQ Database), recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households. The latest IQ™ Database survey wave was fielded in August 2020 and includes 5,920 participants. Of the 122 million U.S. households with investable assets, 8% use cryptocurrency as of August 2020.

About Hearts & Wallets

Hearts & Wallets is the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice. Leading firms rely upon Hearts & Wallets thought-leadership reports, software and benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

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