



IRCI 2020

Cryptocurrency Index

This report is an overview of general Australian attitudes towards cryptocurrency. IRCI is a yearly panel survey of over 1,100 respondents conducted by PureProfile.



About the index

The Independent Reserve Cryptocurrency Index (IRCI) 2020 is the formal output of a yearly cross-sectional survey of over 1,100 Australians by PureProfile. It is not a survey of cryptocurrency users, it is a sample of everyday Australians and reflects the nation as a whole.

The index is a single rating out of 100 designed to reflect four key aspects of Australian attitudes towards cryptocurrency.

- Awareness
- Adoption
- Trust
- Confidence

2020 marks the second year of the survey.

You can view the **IRCI 2019 results here**.

The quiet bull market

The 2020 index moved from 42 in 2019 to 47 in 2020. This increase, in excess of 10% YOY, has mainly been driven by an increase in awareness and adoption of bitcoin. To a degree, there has also been an increasingly positive perception of cryptocurrency and positive market conditions.

Overshadowed by a global pandemic and a protracted US election in 2020, Bitcoin and the crypto market hasn't had the frenzied media attention as it did in 2017/2018 when it last exceeded AUD \$26,000. Despite this, the cryptocurrency market cap has grown from AUD \$257B in January to over AUD \$810B¹.

2020 saw MicroStrategy, a leading business intelligence software company, invest AUD\$336M as a treasury reserve asset, citing declining returns from cash and a weakening US dollar². Other major international institutions such as PayPal³ and Square⁴ have also made significant investments into bitcoin and other cryptocurrencies this year.



From its lows of AUD 6,300 on Friday 13 March 2020 to its highs of AUD 28,500 on 17 December 2020, bitcoin has grown by more than 400%. Since the start of 2020 Bitcoin has grown more than 250%.

BTC Price AUD



Methodology

Independent Reserve engaged leading consumer research institution PureProfile to conduct a cross sectional survey reflective of Australian attitudes. The survey consisted of over 1,100 Australians, the sample was reflective of the gender, age and geographic distribution of the nation.

¹ CoinMarketCap <https://coinmarketcap.com>

² <https://www.coindesk.com/microstrategy-bitcoin-buy-protects-against-fiat-inflation>

³ <https://news.bitcoin.com/paypal-bought-70-of-all-newly-mined-bitcoin-last-month-as-demand-rockets/>

⁴ Bitcoin Treasuries <https://bitcointreasuries.org/>



■ Foreword

When we started Independent Reserve in 2013, there was only a handful of people attending that year's Bitcoin meetups. Fast forward to 2020, I now have people from all walks of life — from my Uber driver to banking execs down the pub telling me their thoughts on Bitcoin.

We created the IRCI in 2019 to verify what we've observed anecdotally. Our goal here is not to seek out the thoughts and validation of the crypto audience, but to track how all Australians feel about cryptocurrency and how that sentiment changes over the years.

Now in its second year, we can start to see some trends forming — some positive and some negative. It is great to see the index increase with more Australians owning cryptocurrency than ever before and around 80% of those are breaking even or better.

However, the data shows that women are less likely to enter the market than men and half as likely to buy in the next 12 months. Similarly, those over 45 years old show a similar reluctance to enter the crypto market.

This tells me that we as an industry need to make a more concerted effort to ensure we are creating deliberate opportunities to educate new communities. We need to find new ways to bring people into the industry, remembering that inclusion was one of the original principles of Bitcoin. This gives us something to focus on for 2021 and metrics to monitor for next year's crypto index.

Australia has come a long way in crypto adoption since 2013, but we still have room to grow. Let's keep working to build Australia's crypto community in the year ahead.

Regards,

Adrian Przelozny



Adrian Przelozny

Chief Executive Officer
Independent Reserve



Awareness and adoption

Awareness and adoption have the biggest impact on the IRCI index. Without awareness, we will not see new entrants enter the market. The survey included eight questions out of 19 questions tracking adoption. Cryptocurrency adoption by everyday Australians will directly impact the index each year.

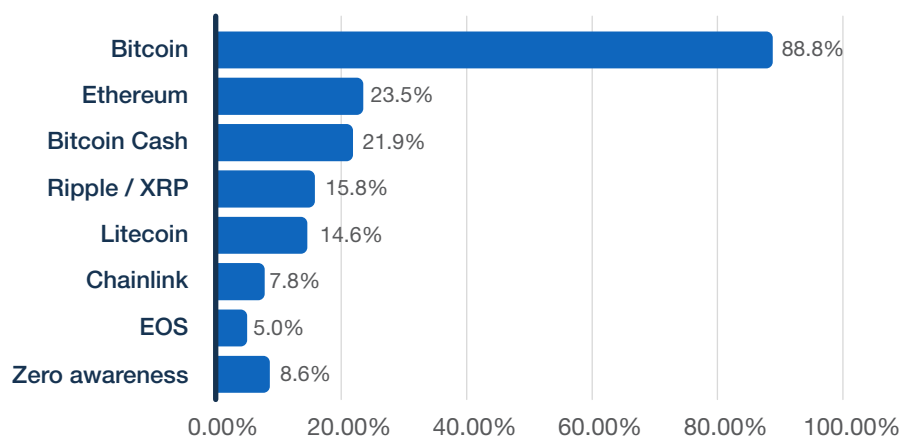
Awareness

In 2020, 91.4% of Australians have heard of at least one cryptocurrency, an increase from last year's figure at 90.3%. Unsurprisingly, Bitcoin (BTC) led in market awareness as 89% of respondents knew about the dominant cryptocurrency — far more than other kinds of digital assets.

“Surprising fact: Assuming Bitcoin adoption rate continues its present 2.2x per year “Moore’s Law” of growth (which it has for 10 years so far), then 30% of the world population will own Bitcoin in 4 years time.” - Willy Woo @Woonomic

Reflective of their respective market capitalisation⁵, Ethereum (ETH) was the second most well-known cryptocurrency with 23.5% of respondents being aware of the smart contract platform. Outperforming its market capitalisation was Bitcoin Cash (BCH), as the third most well known cryptocurrency in Australia at 21.9%. It should be noted that outside bitcoin, awareness of the next four cryptocurrencies by market cap are within striking distances of each other.

Awareness



Men and women were equally aware of Bitcoin but men were 3x more likely to have heard of other cryptocurrencies such as Ethereum, EOS and Litecoin

The 18-24 year old demographic were far more likely to be aware of DeFi token Chainlink (14.4%) whereas overall, awareness was 7.8%.

⁵ Valuations as per CoinMarketCap as at 01.12.2020



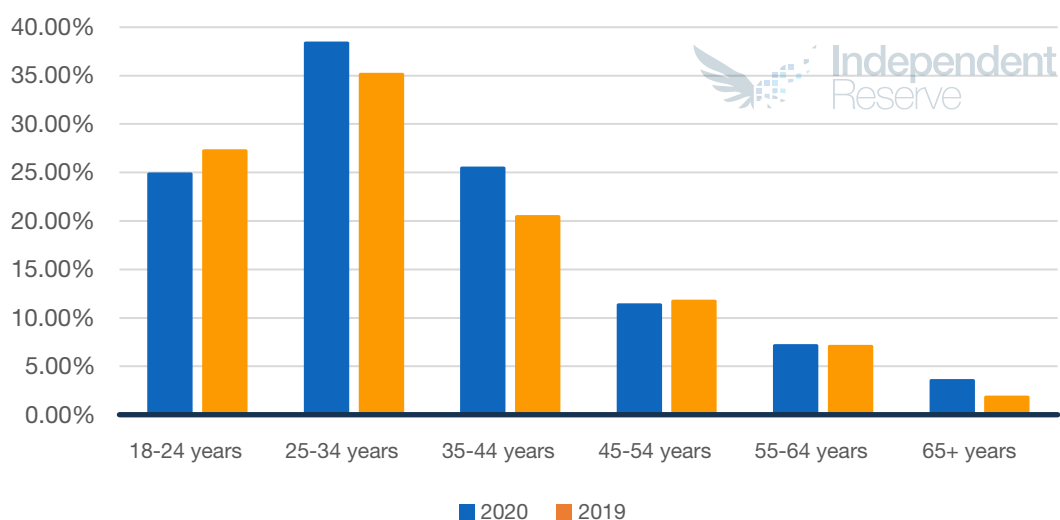
■ Adoption

One of the key indicators of Australian attitudes to cryptocurrency is actual adoption. Almost one in five of respondents said they own some form of cryptocurrency, up from 16.8% in 2019. Most of the ownership growth was driven by the 25-44 year old respondents.

18.4%

of Australians own some cryptocurrency

Ownership by age

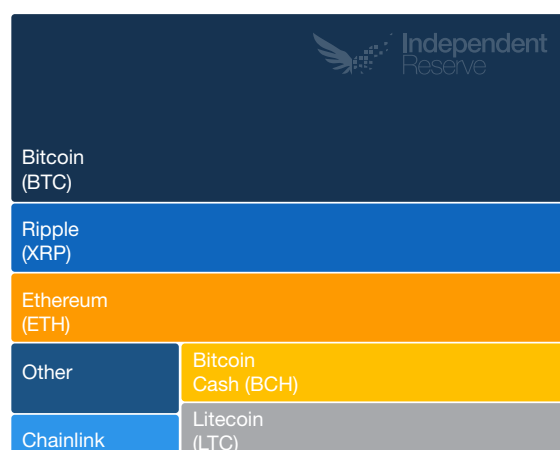


Australian crypto holdings

Australian ownership **mostly** reflected the order of market capitalisation.

- Globally, BTC is the most popular crypto with a market cap 5x greater than its nearest competitor, Ethereum. In Australia, that gap is smaller, with BTC only 3x ahead of the local number two, XRP.
- While Ripple is currently the second most popular in Australia, globally, it is a clear third.

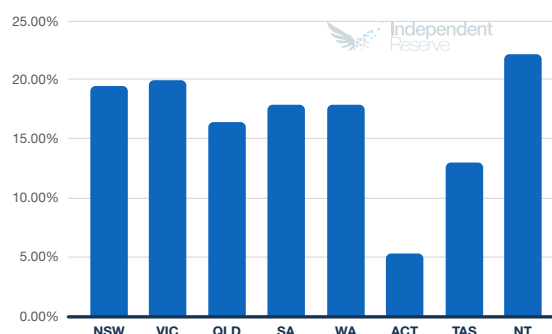
Cryptocurrencies Aussies hold



Aussie crypto owners are holding:
 Bitcoin: 74%, XRP (Ripple): 28%, Ethereum: 27%,
 Bitcoin Cash: 17%, Litecoin: 15%, Chainlink: 5.2%,
 Other tokens: 8.5%.

State of Origin

Of the eastern seaboard rivals, Victoria took out the title for most crypto ownership at 20.0% with New South Wales just behind at 19.50% and Queensland at 16.4%



22.2%. Of Northern Territory respondents own cryptocurrency — the highest of any state or territory.

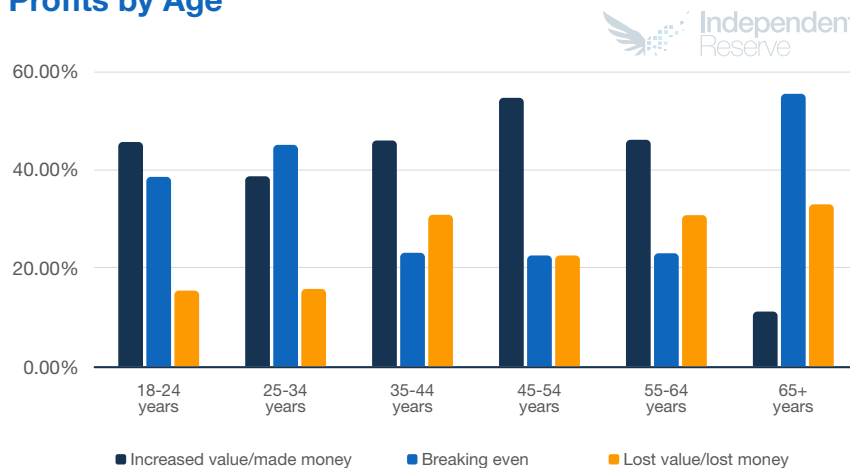
This may be reflective of a smaller sample size, but it is representative of geographic spread and is actually the second year in a row NT takes that title.



■ The Age of Adoption

It may not come as a surprise that cryptocurrency adoption skews to a younger demographic. However, one of the more interesting data points demonstrates the investing prowess of each age group.

Profits by Age



42.7%

of respondents reported making money and growing wealth through crypto in 2020.

ONLY

21.8%

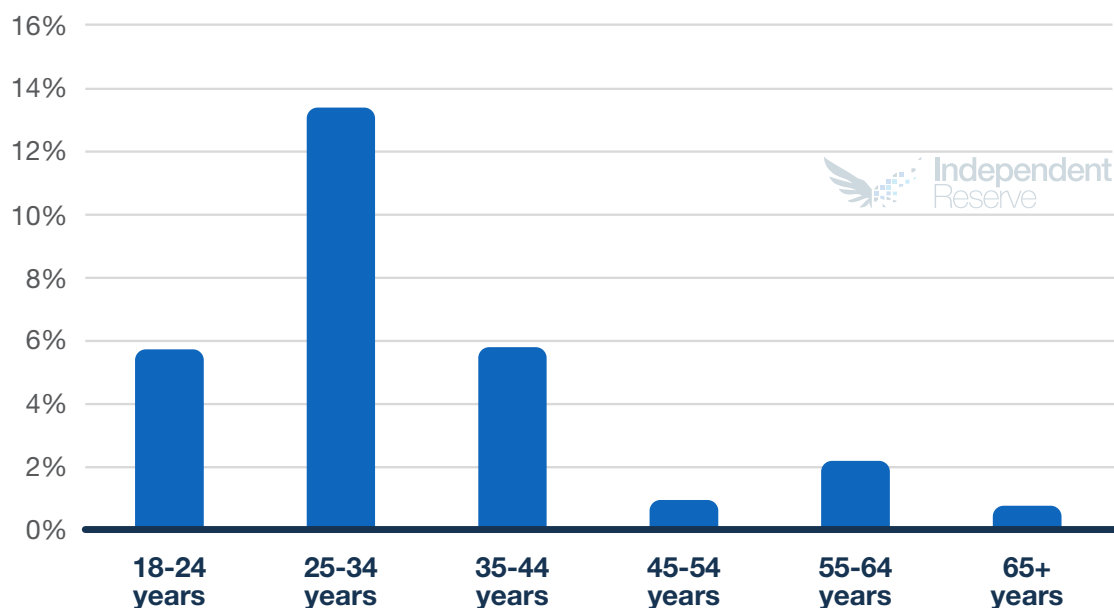
of respondents reported losing wealth through crypto in 2020.

- In the last 12 months 45-54 year olds were **most** likely to have made a profit — 54.5% said they are in the black. This was a strong improvement from last year, where only 35% increased their wealth through cryptocurrency.
- Of crypto holders under 64, those who are 25-34 years old were **least** likely to have made money on crypto in the last year with only 39.3% locking in profits.
- The 18-34 group may be more conservative in their trading. They were least likely to have taken a loss (15%) and almost twice as likely to have broken even compared to their elders.

Australian crypto spend

25-34 year olds were 4.7x more likely to be spending over \$500 per month on trading compared to all other age groups. That's 13.42% compared to the average of 2.83% when excluding 25-34 year olds.

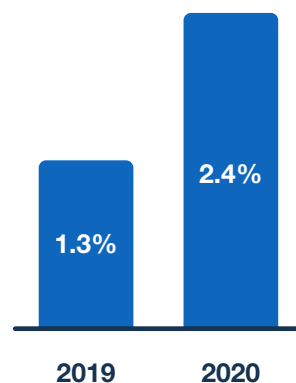
Investing over \$500 per month



Investing over \$1k per month

Playing at the high end

Monthly investments stayed mostly stagnant from 2019 to 2020. However, the number of high end \$1,000+ per month respondents almost doubled from 1.3% in 2019 to 2.3% in 2020. The number of people under 45 that invest more than \$10,000 every month has tripled.

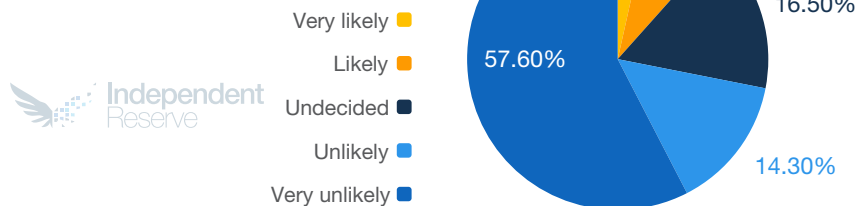




■ Superannuation and crypto in Australia

Self-managed super funds (SMSF) account for \$733 billion, or about 25% of the total value of superannuation investment in Australia as at June 30, 2020⁶. In 2014, saw the Australian Tax Office (ATO)⁷ clarify their stance on crypto ownership by SMSF. Since 2016, Independent Reserve has facilitated cryptocurrency investment for SMSF accounts.

Percentage of Australians that would use an SMSF to invest in cryptocurrency



One in five respondents between the ages of 18 and 44 was considering investing in cryptocurrency using an SMSF. The average age of an SMSF account holder on Independent Reserve is 48, that's 11 years younger than the average SMSF in Australia⁸.

48

Average age of an SMSF customer with Independent Reserve

\$62k

Median amount traded by SMSF customers on IR

SUPER STAT

The first SMSF account was opened on Independent Reserve in 2016. That account had \$41,000 invested into bitcoin and is now valued at over \$1M AUD. That is an effective return of 90% YOY. In contrast, the industry's leading "aggressive growth" super funds Prime Super and Unisuper returned 9.0%⁹ YOY over a five year period.

⁶ <https://www.ato.gov.au/Super/Sup/Highlights--SMSF-quarterly-statistical-report-June-2020>

⁷ <https://www.ato.gov.au/Super/Self-managed-super-funds/In-detail/SMSF-investing/SMSF-investing-in-cryptocurrencies/>

⁸ <https://www.superguide.com.au/smsfs/smsf-statistics>

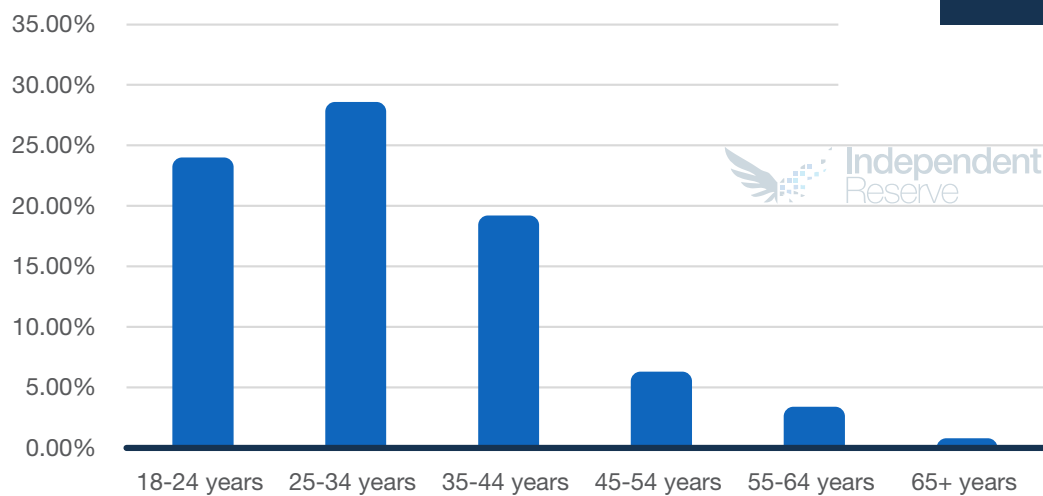
⁹ <https://www.businessinsider.com.au/best-worst-super-funds-australia-comparison-rankings-2020-9>



■ A gap in retail and industry super funds

In Australia there are currently no retail or industry superannuation funds that publicly promote investment into cryptocurrency. Over 24% of 18 to 44 year olds would like to see their retail or industry superfund invest in assets such as Bitcoin.

Australians that would like their retail super fund to invest in crypto such as Bitcoin



8x

Respondents under 45 years old who want their industry super fund to invest in cryptocurrency

“I chose to invest in crypto as I believe in the future and direction of this asset class. I’ve enjoyed taking control of my financial future and have watched my portfolio grow (especially of late). I believe that thanks to my investments in crypto I will be able to retire earlier and live a comfortable life in retirement.”

- Tony, 46, South Australia



Trust and confidence

To complement the awareness and adoption aspects of the index, we asked Australians about their perceptions of the future bitcoin and cryptocurrency.

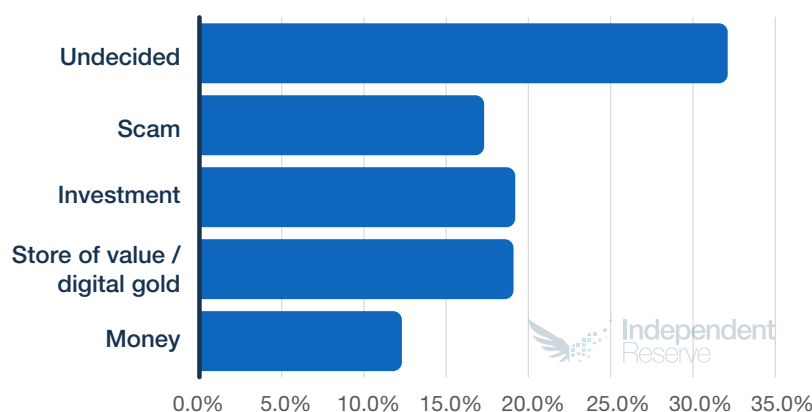
Sentiment

Fewer people thought of bitcoin as a scam in 2020. Just 17.3% of respondents considered bitcoin to be a scam, down from 21.3% in 2019. In a sign of increased confidence, more Australians viewed bitcoin as a store of value, 19.1% up from 16.7% in 2019.

11.3%

Australians under 45 are half as likely to think of bitcoin as a scam as those over 45 (22.6%)

What Australians consider Bitcoin to be



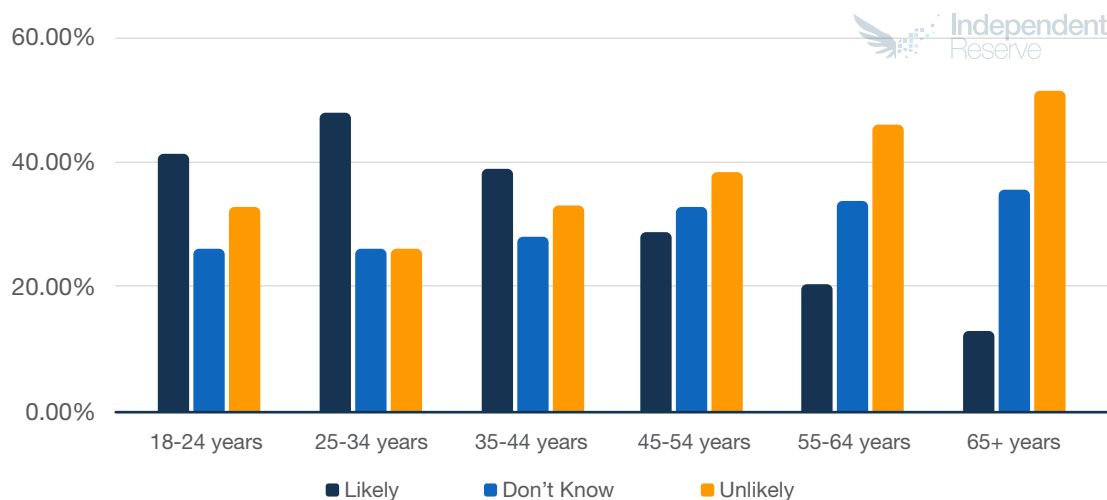
Will crypto be widely adopted?

Younger Australians are more likely to believe cryptocurrency will be widely accepted in the future. The consistently high 'Don't know' responses suggest there is a need for more education around the use cases and benefits of cryptocurrency.

2x

Australians under 45 are twice as confident about crypto adoption than those over 45.

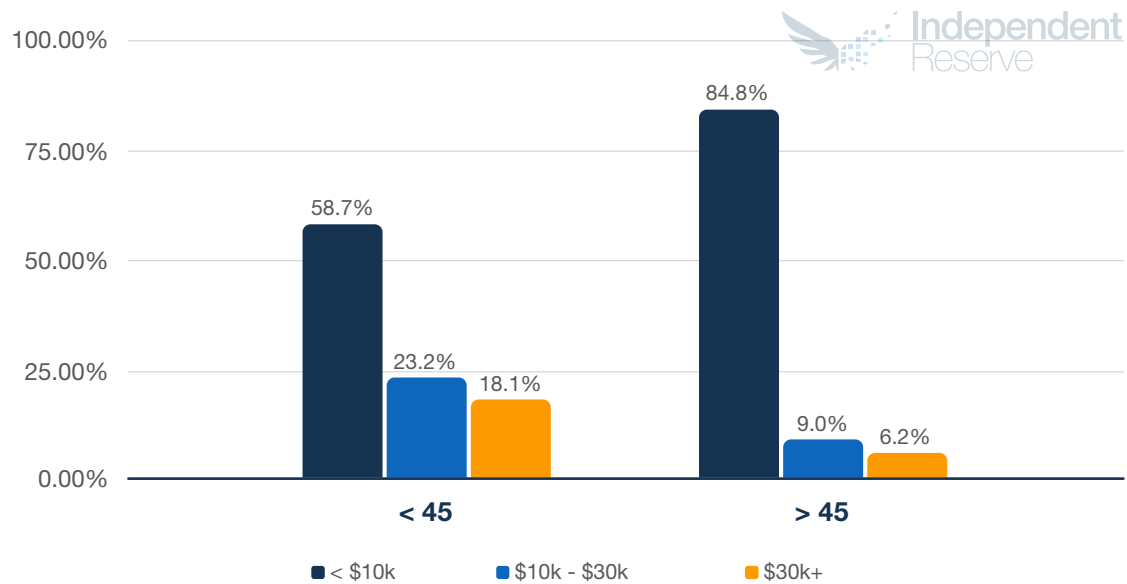
Younger Australians are optimistic about the uptake of crypto





■ What will bitcoin be worth in 2030?

2020 is the first year we have included a price prediction question. The majority of respondents had a dim view of bitcoin's value in 2030. Respondents aged under 45 were 3x more likely to predict bitcoin being valued over \$30,000 in 2030.





■ The risk of a new gender divide

A growing trend in the 2020 IRCI data is the gap between the number of women entering the crypto market compared to men.

While awareness around cryptocurrencies such as bitcoin is comparable between the genders, on many questions pertaining to confidence in crypto, women were more reserved.

Where the differences lie

- **Current crypto ownership:** 10.3% of women owned some crypto versus 26.8% for men. In 2019, those figures were 11.0% vs 22.1%.
- **Likely to buy crypto:** At 12.4%, women indicated that they were half as likely as men to invest in cryptocurrency in the coming year.
- **Smaller ongoing investments:** Only 5.6% of women spent more than \$100 per month on crypto. That figure was 14.6% for males.
- **More conservative outlook:** Only 7.0% of women believed Bitcoin will be worth more than \$30k by 2030 compared to 16.8% of men.
- **Low risk strategies:** Women were twice as likely to break even in crypto than men (52.5% to 28.9%). In 2019, those figures were 35.6% and 37% respectively. Women losing money from crypto also decreased YOY from 20.3% to 18.0%. The major change in this figure came from less women taking profits in 2020 than in 2019.

1:4

The female to male ratio of SMSF account ownership on Independent Reserve

■ How do we bring more women into the fold?

Why is this important? If we don't address this gap, we may see a long term wealth divide between the genders. Australia has many fantastic women spearheading blockchain industries, companies and community initiatives. We need to consider if there are unintended barriers that we as a community can work to remove.

"Spread the word"

Men often ask me why more women aren't interested in Bitcoin and digital assets. I tend to ask them this question in response: who first told you about Bitcoin, and in your daily life, who do you find yourself discussing crypto with? Answers often reveal that men tend to raise this subject matter with



other men, far more than they do with women, and I believe that this tendency makes a significant difference to the gender balance at community meetups, in online forums, and to the shape of the industry as a whole.

We can all help to improve the gender balance in digital finance simply by being mindful of these tendencies, and consciously choosing to include women in conversations. In fact, if it weren't for a few men in my life who did encourage me to dig deeper into the strange world of "magic internet money" I doubt that I would have ended up developing such a strong passion for what I do.

So if you would like to see more women enter the space, start at home. Talk to your partners, friends, family and work colleagues. Bring them along to the meetups and show them the technology. The onus is on all of us to be conscious about who we choose to share our knowledge with. Spread the word!

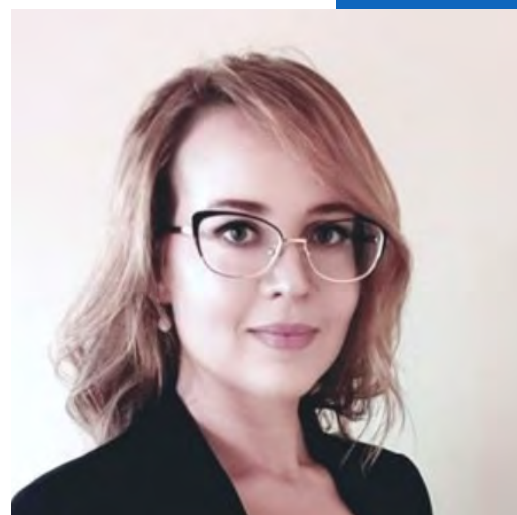
"We are what we see"

If we don't put women at the front of our advertising and promotions and include them in events and panels. Women will continue to feel that they aren't part of the crypto currency and blockchain industry.

We need to make new people welcome, invite them to meet ups, encourage them to ask questions without making them feeling "stupid". Mentor more women and the older generation help them buy and sell their first crypto.

Women in Blockchain run regular inclusive meetups to build more women in the space and to make a space for introductory questions and answers. We invite all males and females to attend our events and learn more, feel free to come along and bring someone new with you, invite them to join the conversation.

Join Women in Blockchain in Sydney, Melbourne, Brisbane or Perth.



Chloe White,
National Blockchain Roadmap
Lead



Karen Cohen,
Deputy Chair of the Board
of Blockchain Australia



■ Impact of COVID-19 on crypto

Given the overall impact that COVID-19 has had on the economy, it would be remiss not to consider if the effect was felt in crypto. The 2020 IRCI survey asked respondents to consider their willingness to invest into the cryptocurrency market.

Of those respondents who intended to purchase crypto in 2020:

- 34.0% didn't proceed with the purchase because they were either directly impacted by the economy or because of the uncertainty caused by it.
- 21.2% purchased crypto despite being negatively impacted by the 2020 economy.

35.9%

of those who had intended to buy crypto in 2020 but didn't, said their purchasing decisions were directly impacted by the economic fallout of the COVID-19 crisis.

■ Quantitative Easing

One of the most powerful weapons the government has in times of economic uncertainty is the ability to produce and distribute more money. This process is known as quantitative easing (QE). Australia began a process of quantitative easing via the Reserve Bank of Australia in November¹⁰.

Bitcoin has a fixed supply of 21 million¹¹ bitcoins. This fundamental difference in economic systems always makes QE a hot topic. The crypto community has made a joke about this with the "Money printer go brrr" meme. This was the catch cry of crypto in 2020 as most governments opted for some form of bailout or stimulus package¹².

Of those respondents in 2020:

- Only 12.4% of 55-64 year olds (Read: Peak Baby Boomers) were concerned that QE may devalue their wealth.
- 25-34 year olds were 3x more likely to worry about the effects of QE on their financial future than 55-64 year olds.
- 50% of all respondents over 55 hadn't thought about the effect of artificially pumping \$100B into the economy.



'Money printer go BRRR' is one of the most famous memes in crypto.

¹⁰ <https://www.abc.net.au/news/2020-11-04/what-is-quantitative-easing-and-how-does-it-work/12842746>

¹¹ <https://bitcoin.org/bitcoin.pdf>

¹² <https://www.atlanticcouncil.org/blogs/econographics/global-qe-tracker/>



■ Conclusion

The Independent Reserve Cryptocurrency Index improved 11.9% in the last 12 months - from 42 in 2019 to 47 in 2020. That trend alone is a positive sign during a year that many Australians will be keen to put in the past.

Throughout the turmoil that has faced many everyday Australians and sent governments reeling, the cryptocurrency industry has been slowly but surely improving its reputation with everyday Australians.

Cryptocurrency awareness is over 91% in 2020. Nearly one in five Australians over the age of 18 currently own some form of cryptocurrency, with a further 7.7% saying they had intended to buy crypto but didn't due to the challenges of the COVID-19 economic climate.

Over 18% of Australians intend to purchase some crypto in the coming 12 months. However, women and those over 45 are underrepresented in that figure. 2021 represents an opportunity for the community to grow and to help educate and onboard more new users into our crypto ecosystem.



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www.independentreserve.com