

Private Digital Cryptoassets As Investment? Bitcoin Ownership and Usage in Canada, 2016-2021

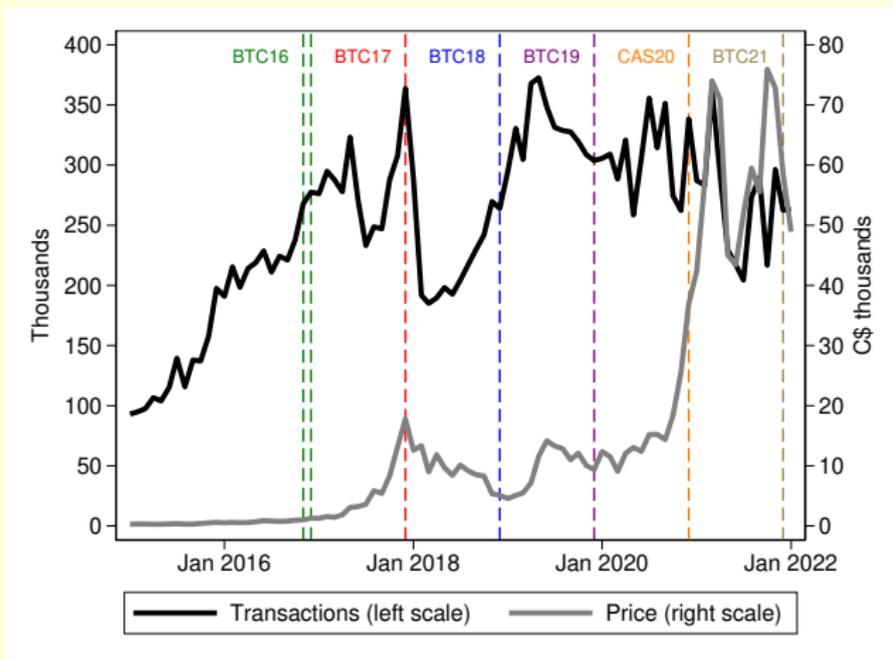
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Adoption and usage of Cryptoassets

Condition 2: potential issuance of CBDC. Lane (2020, 2021)

Figure: Price and number of Bitcoin transactions, 2016-2021

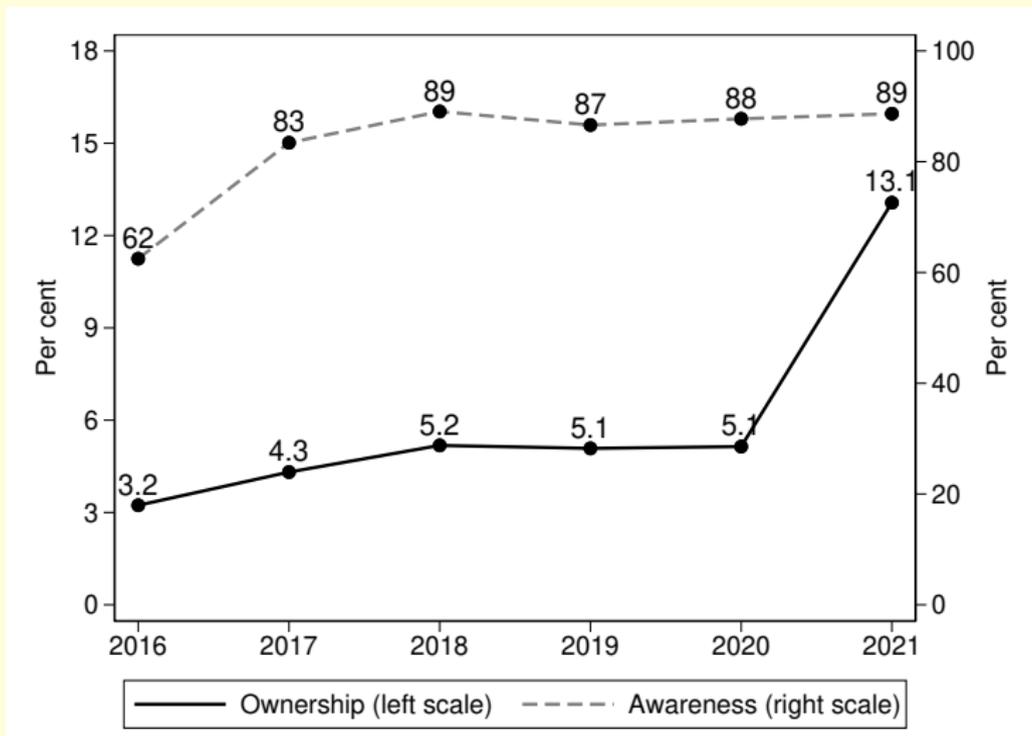


Bitcoin Omnibus Survey (BTCOS)

- Conducted annually between 2016-2019 and 2021 (5 iterations).
- Supplemented in the 2020 Cash Alternative Survey (CAS).
- Originally a monitoring tool, scope has evolved over time.
- In 2016 there were 5 questions; 2021, 16 questions.
- Questionnaire includes: awareness and ownership; level of BTC holdings; reasons for ownership/non-ownership; knowledge of BTC features; cash holdings.

Large Increase in Ownership!

Figure: Bitcoin Awareness and Ownership 2016-2021



Note: Estimates of average Bitcoin awareness and ownership in Canada based on the 2016-2019 BTCOS, November 2020 CAS, and 2021 BTCOS.

Table: Demographics of Bitcoin Ownership, 2016-2021

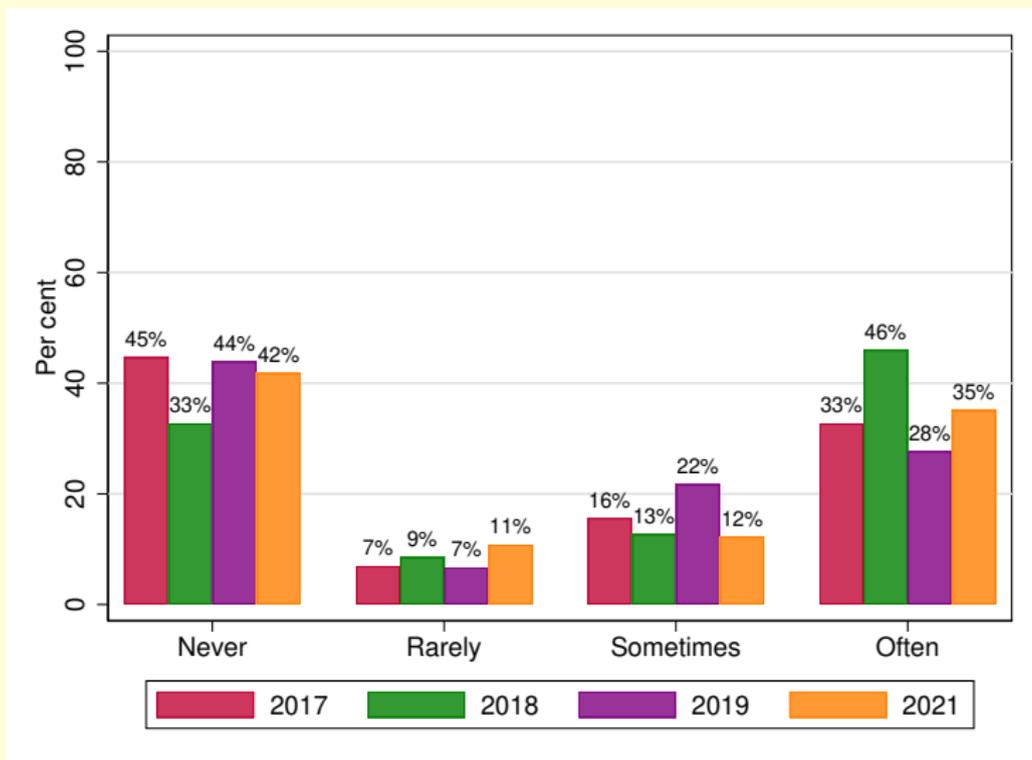
	2016	2017	2018	2019	2020	2021
Overall	3.2	4.3	5.2	5.1	5.1	13.1
Male	4.4	6.6	6.7	8.1	8.3	19.3
Female	2.2	2.1	3.7	2.2	2.1	7.2
18-34	9.1	11.1	10.5	7.8	11.0	25.6
35-54	1.6	3.2	4.8	6.7	5.6	14.7
55 and older	0.5	0.5	1.7	1.7	0.6	2.8
High school or less	3.8	3.7	2.3	3.3	3.7	11.2
College/CEGEP/Trade	1.5	3.1	5.7	4.3	5.1	10.5
University	4.3	6.7	9.1	8.7	7.4	18.8
Below \$30K	3.1	4.3	2.8	3.7	4.3	5.8
\$30K-\$69.9K	3.9	5.6	4.8	3.8	4.9	12.4
\$70k and above	3.7	4.3	7.0	6.6	5.4	17.2
Employed	3.9	6.1	7.1	6.8	7.4	18.9
Unemployed	7.2	1.9	5.2	0.9	3.8	12.4
Not in labour force	1.5	1.5	1.9	2.3	1.8	3.3
British Columbia	2.8	5.2	6.3	5.3	5.1	19.6
Prairies	2.1	4.1	6.0	3.9	7.6	14.2
Ontario	2.5	3.9	5.2	6.2	5.0	12.3
Quebec	5.5	5.1	4.6	4.4	3.9	11.6
Atlantic	3.2	3.1	2.8	3.8	3.3	6.2
Financial literacy: Low			7.3	7.5	8.4	15.6
Medium			4.7	2.9	5.3	8.8
High			4.1	5.1	5.3	14.7
Bitcoin knowledge: Low		2.3	1.8	2.7		9.4

Table: Main reasons for owning Bitcoin, 2016-2019 and 2021

Response options	2016	2017	2018	2019	2021
Buy goods & services (online)	45	23	19	15	9
Investment	6	56	40	39	60
Anonymous Payments	16	05	19	15	11
Interest new technologies	33	16	22	31	20

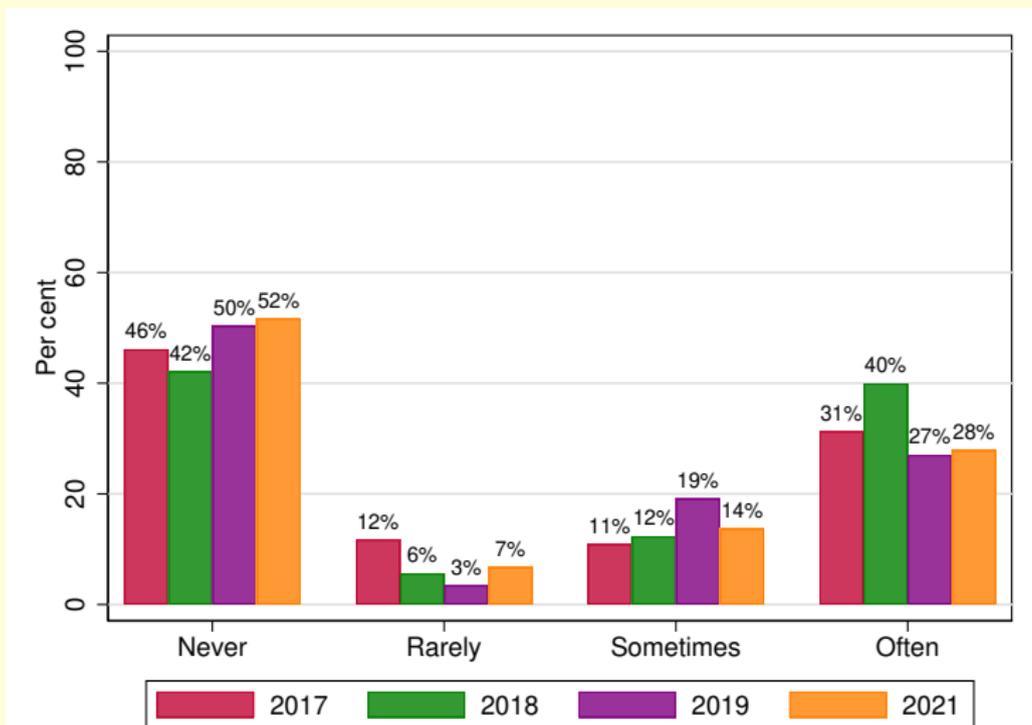
Note: Percentage of Bitcoin owners by reason for owning Bitcoin.

Figure: Use of Bitcoin for buying goods and services, 2017-2021



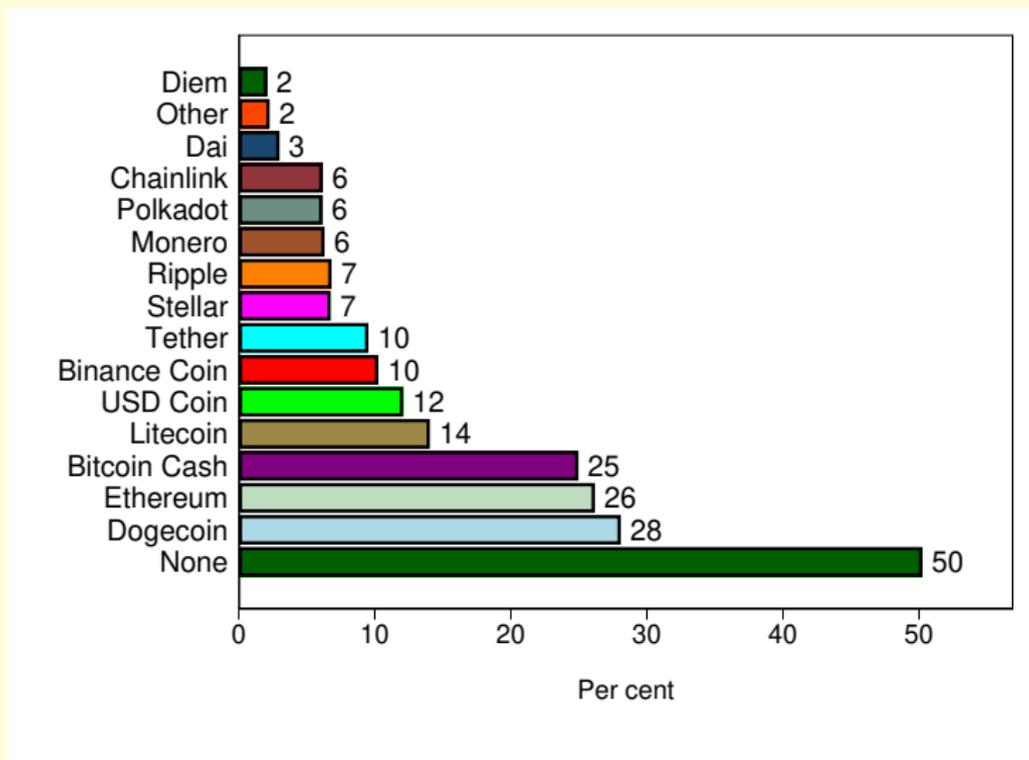
Note: "Rarely" - used Bitcoin for purchases at most once a year, "Sometimes" used Bitcoin between a few times a year to once a month, Bitcoin used at least a few times a month for transactions - "Often".

Figure: Use of Bitcoin for making person-to-person transfers, 2017-2021



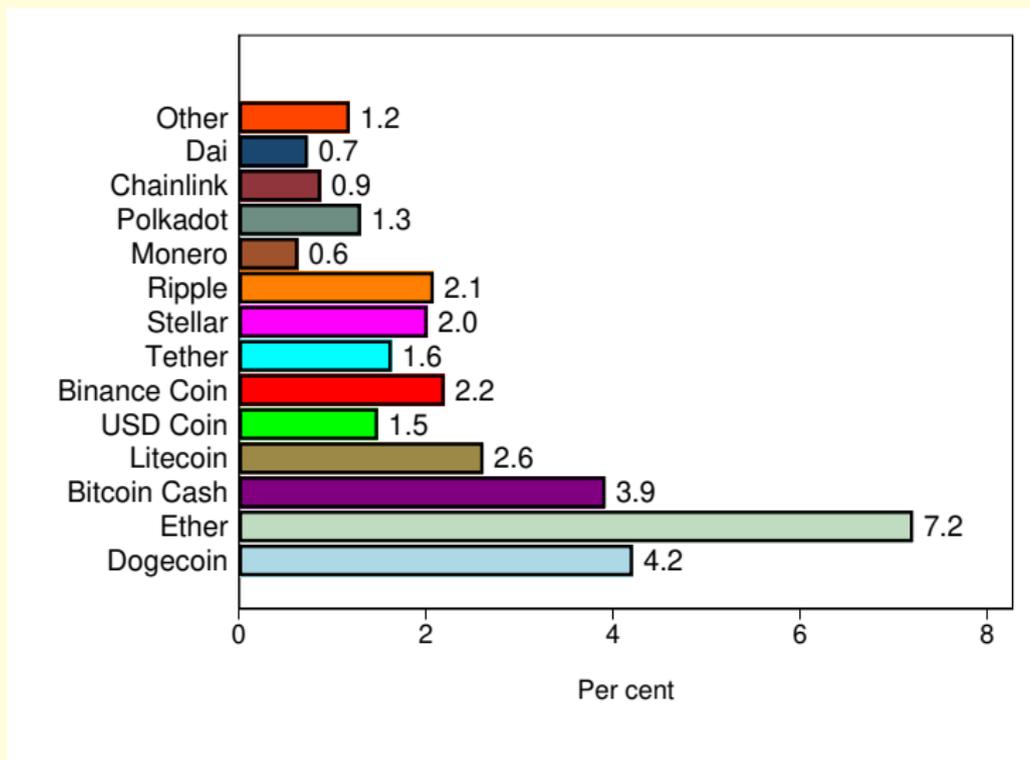
Note: "Rarely" - used Bitcoin for person-to-person transfers at most once a year, "Sometimes" used Bitcoin between a few times a year to once a month, Bitcoin used at least a few times a month for person-to-person transfers - "Often".

Figure: Altcoin Awareness, 2021



Note: The share of Canadians who are aware of Altcoins (cryptoassets other than Bitcoin). 50% of Canadians did not hear of any Altcoin. The sample size is 1974.

Figure: Altcoin Ownership, 2021



Note: The share of Canadians holding at least one Altcoin is 15.8% (10.2% holding both Bitcoin and Altcoins and 5.6% holding only Altcoins).

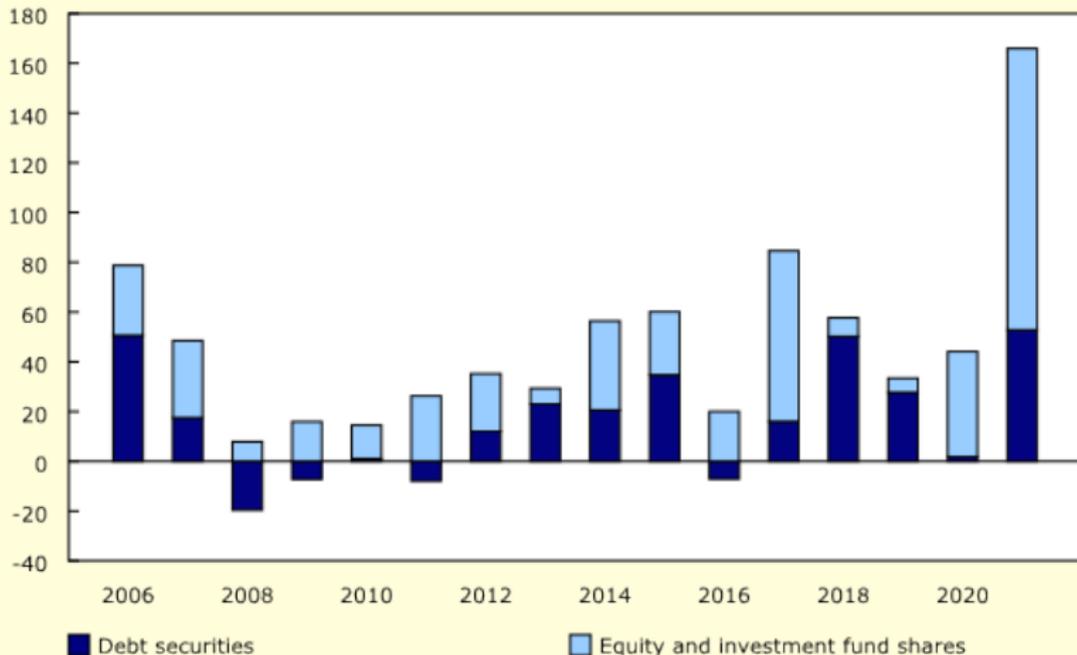
Figure: Increased Wealth (incl. financial assets) 2019 to 2020



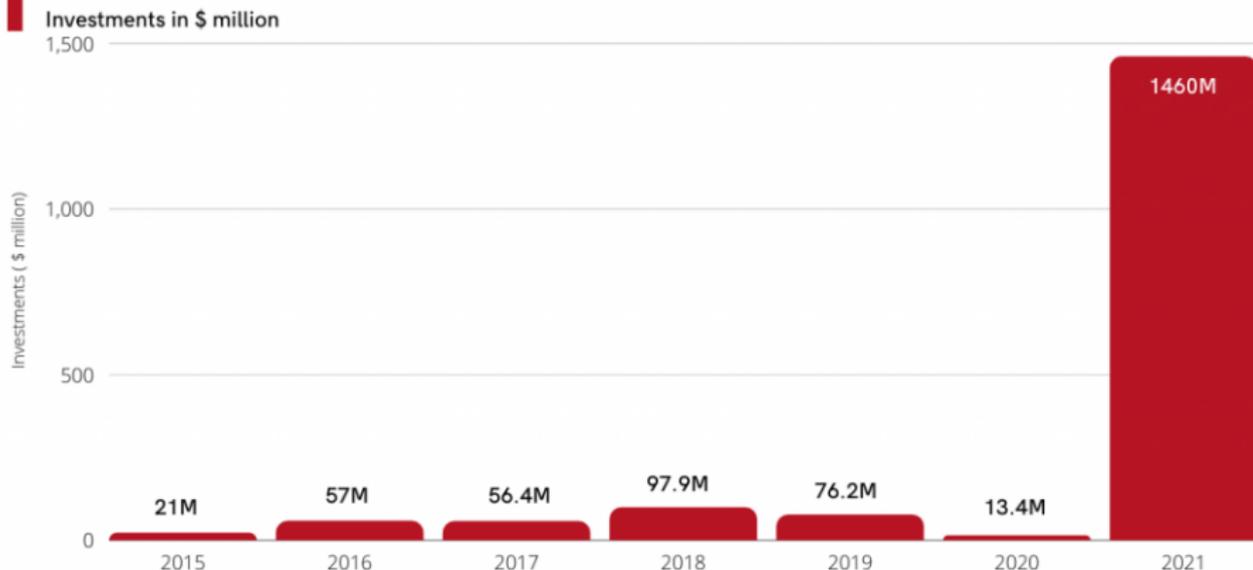
Cross-border investments in 2021

Figure: Canadian investment in foreign securities

billions of dollars



Investments in Fintech Unicorns in Canada 2015 - 2021

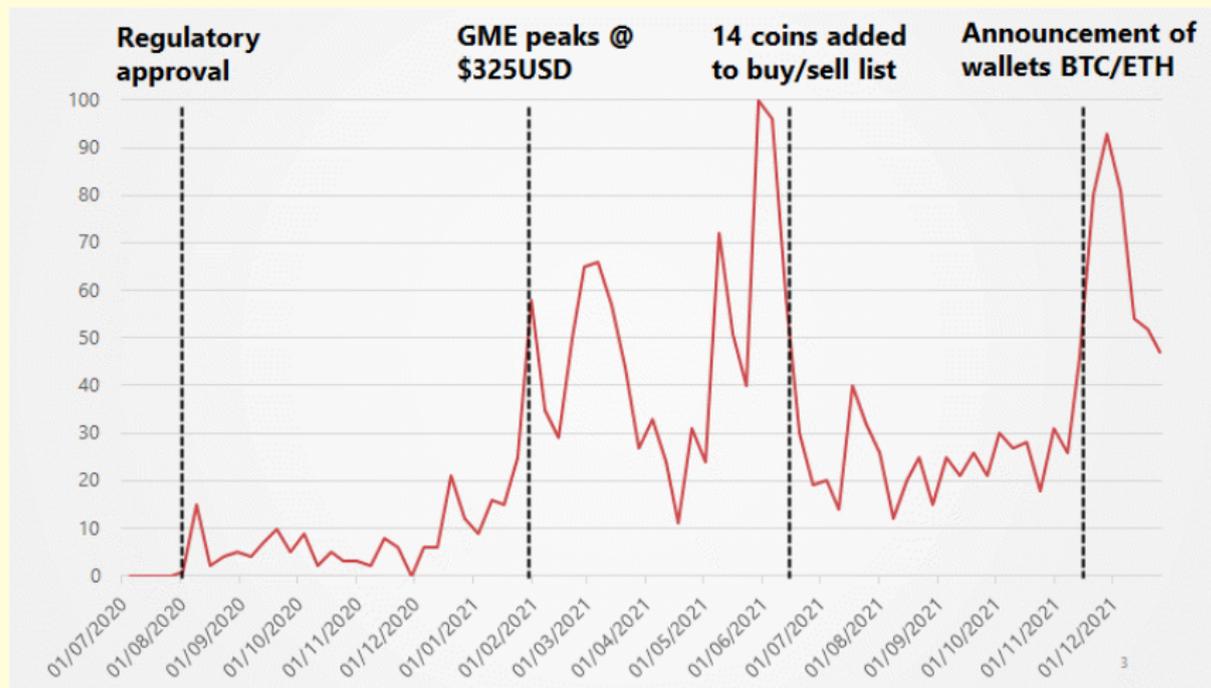


Source: Crunchbase

Source: Centre for Finance, Technology and Entrepreneurship (CFTE).

WealthSimple: The Fear of Missing Out (FOMO)

Figure: Google searches for 'Wealthsimple Crypto'



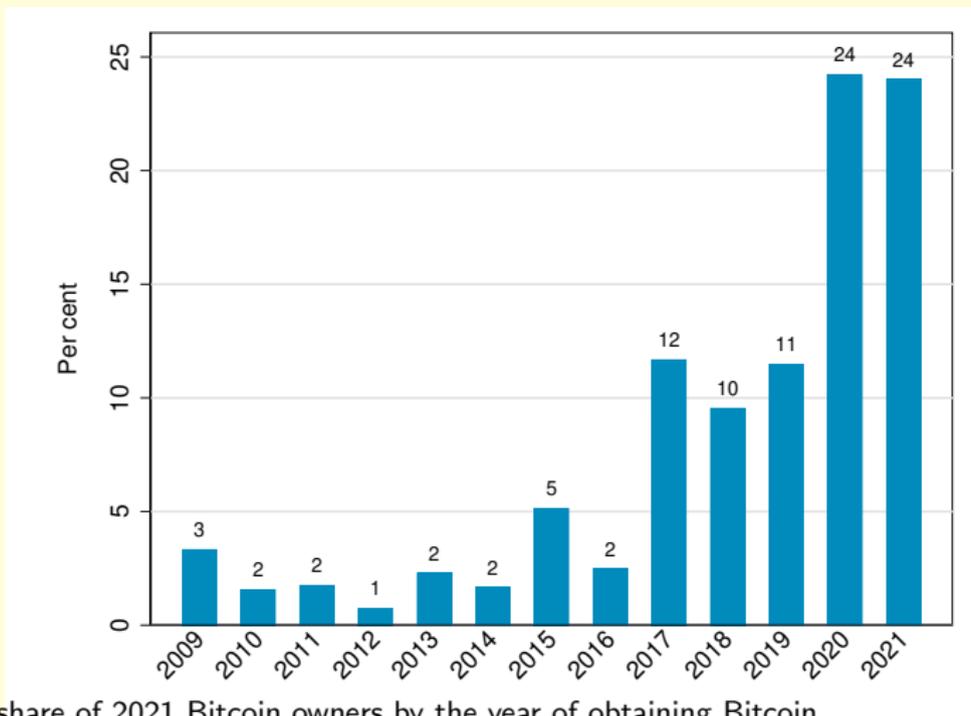
WealthSimple is the 2nd largest FinTech at 4.5 billion (as of 10/2021), CFTE.

Source: Google trends search data, Jan. 2020 to Dec. 2021.

Against this background

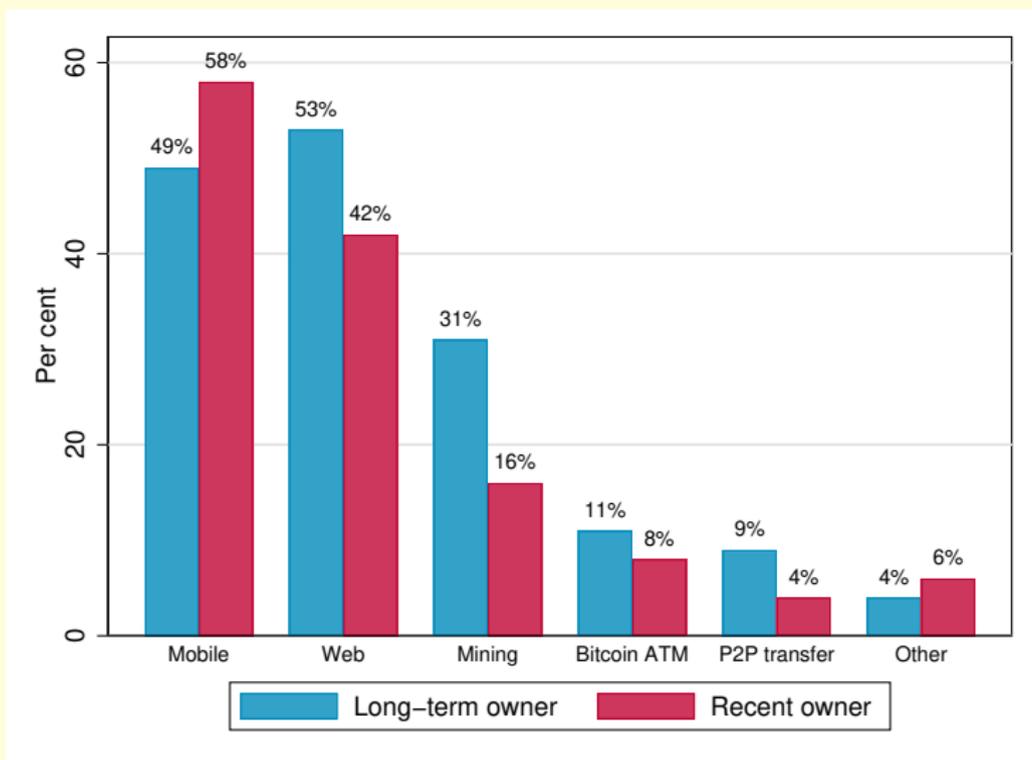
FOMO: Recent vs. Longer-term Bitcoin Investors

Figure: Duration of Bitcoin holdings, 2021



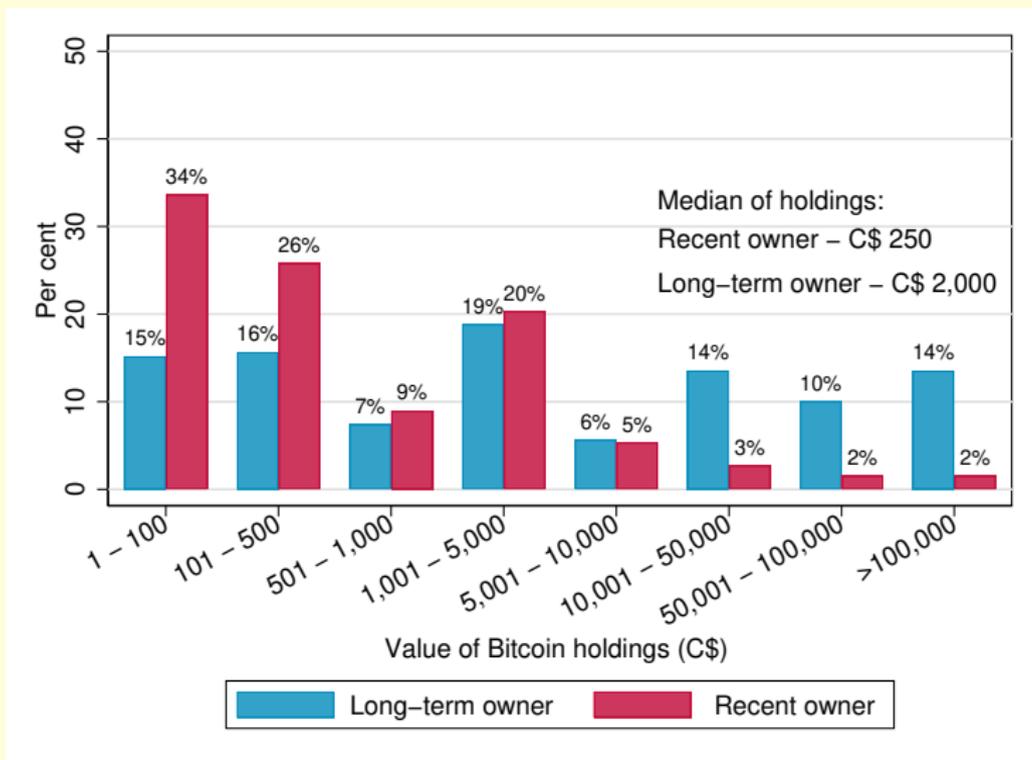
Note: The share of 2021 Bitcoin owners by the year of obtaining Bitcoin.

Figure: Bitcoin access: recent versus long term owners, 2021



Note: The graph presents the share of methods used to obtain Bitcoin by recent (121 obs) and long-term Bitcoin owners (105 obs).

Figure: Holdings of Bitcoin: recent versus long term owners, 2021



Note: The graph reports the value, in Canadian dollars, of Bitcoin holdings for recent (121 obs) and long-term Bitcoin owners (105 obs).

Key Takeaways

1. Bitcoin ownership: 2018-2020 at 5% and sharp increase to 13% in 2021, with 2/3 of Bitcoin owners holding also Altcoins.
2. Bitcoin owners are more likely to be male, young, with higher education, higher income, OR low financial literacy.

Increase among high financial literacy group in 2021.

3. Main reasons for owning Bitcoin is for investment and interest in new technology. Investment reason is increasing in 2021.
4. A decrease of Bitcoin owners who stated they use Bitcoin for payments or make P2P transfers.
5. Access to Bitcoin is heterogeneous, with exchanges via mobile apps most popular in 2021.
6. Most recent Bitcoin investors hold small shares of Bitcoin (a median of 250 CAD).

Mulțumesc/Merci/Thanks!

The next bank NOTE-able Canadian

See the short list of portrait candidates for the next \$5 bank note.

<https://www.bankofcanada.ca/2022/10/economics-of-payments-xi>

Economics of Payments XI on the 12-14 October 2022

<https://www.bankofcanada.ca/2022/10/economics-of-payments-xi>