

The Cryptocurrency Payments Playbook: Cryptocurrencies Gain Momentum As A Payment Option, a PYMNTS and BitPay collaboration, examines U.S. consumers' current interest in and future plans to own cryptocurrency and use it to make payments. The Report analyzes a census-balanced survey of 8,008 U.S. consumers who were current and former cryptocurrency owners and cryptocurrency nonowners between Feb. 8 and Feb. 23, 2021, to gain a comprehensive overview of how they used cryptocurrency to make payments.

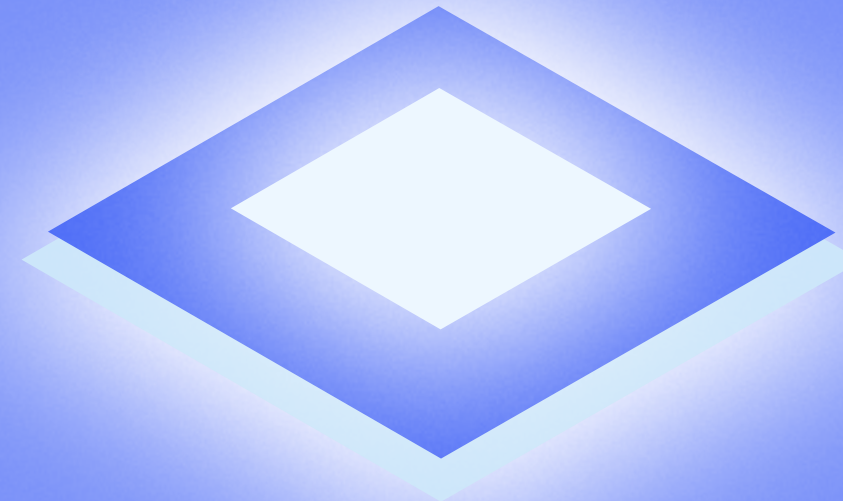
# Cryptocurrency Payments Playbook

Cryptocurrencies Gain Momentum  
As A Payment Option

July 2021

PYMNTS.com

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# Table of Contents

## Cryptocurrency Payments Playbook

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### Acknowledgment

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**01**

Introduction

**03**

The promise of better security and privacy is alluring

**07**

Use cases drive interest in cryptocurrency payments

**11**

Consumers expect cryptocurrency to come with the benefits of card-based payments

**15**

Poor understanding and merchant acceptance is slowing adoption

**19**

Conclusion

**21**

About



# Introduction



**C**ryptocurrencies are making headlines, fueled by big price swings and massive market capitalization gains, thanks in part to high-profile enthusiasts. Attracted by unprecedented gains in valuation and a fear of missing out (FOMO), more consumers and businesses have embraced cryptocurrencies in recent months, and governments are considering new legislative and regulatory frameworks for digital assets, including bitcoin and stablecoins, which are pegged to the value of fiat currencies such as the U.S. dollar. Cryptocurrency's popularity is also getting a big boost from consumers looking to use it as a payment method for a range of products and services both online and at the point of sale.

PYMNTS' research finds that two-thirds of users who have held cryptocurrencies purchased them to make transactions. Another 53 percent purchased because of FOMO, which is up from 32 percent in the past. Users are holding more cryptocurrency, and a large share of both cryptocurrency holders and nonholders (owners and nonowners, respectively) are interested in using digital currency as an alternative payment method to cash or cards. Ninety-three percent of cryptocurrency users would consider making purchases with it in the future, and 59 percent of consumers who have never held cryptocurrency are interested in using it to make purchases in the future.

This increased interest has left many consumers wondering how to spend their cryptocurrency, and PYMNTS' research shows that holders and nonholders alike feel that there are too few merchants that accept cryptocurrency as a payment option. These perceptions, paired with a significant lack of understanding about cryptocurrency and trepidations about it not being a mainstream form of investment and payment, present barriers to widespread adoption.

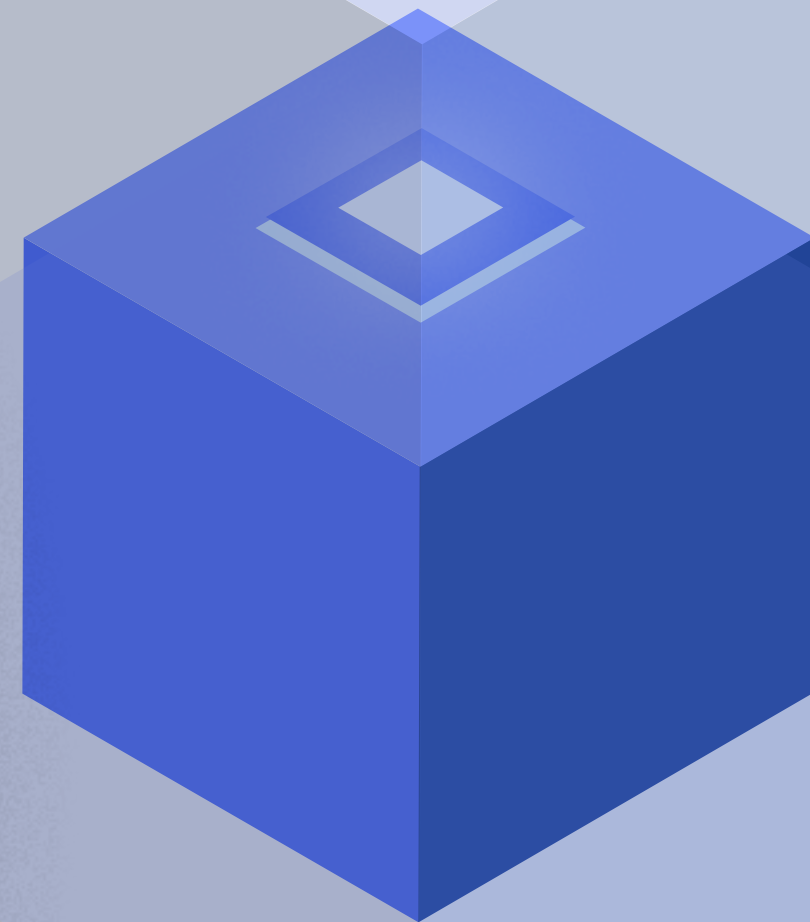
These gaps may represent an addressable growth opportunity for businesses' and other stakeholders' potential future revenue. Consumer education and implantation of familiar features found in card and

merchant loyalty programs may also help boost adoption.

The Cryptocurrency Payments Playbook: Cryptocurrencies Gain Momentum As A Payment Option examines the key drivers behind the surge in consumers' interest in using cryptocurrency as a payment method for both digital currency holders and non-holders and explores what it might take to achieve full market potential.

## **Here is what we learned.**

**The promise of better  
security and privacy  
is alluring**



# Consumers would be interested in using cryptocurrency if it provided a secure and private payment experience.

Holders and nonholders are interested in cryptocurrency payments because of the possible enhanced privacy and security features over traditional credit card- or bank account-based payments.

Security, privacy and anonymity are well-known and well-marketed benefits of blockchain, the decentralized distributed digital ledger technology that is foundational to cryptocurrency. As many as 60 percent of cryptocurrency users are “very” or

“extremely” interested in using cryptocurrency to make online purchases that are more private or secure — or because they think these purchases are. This share increases to 69 percent among holders who have already made purchases with cryptocurrency and shrinks to 49 percent among holders who have not made purchases with cryptocurrencies.

Nearly a quarter of nonholders (23 percent) would be “very” or “extremely” interested in using cryptocurrency to make more private or secure online payments as well.

Approximately 63 percent of holders who bought cryptocurrency as an investment would be highly interested in using it to make online purchases that are more private or secure.

**FIGURE 1:**  
**Consumers “very” or “extremely” interested in using cryptocurrencies in the following ways**

1a: Consumers “very” or “extremely” interested in using cryptocurrencies in the following ways, by ownership status



1b: Owners “very” or “extremely” interested in using cryptocurrencies in the following ways, by current usage of cryptocurrency as an investment



1c: Owners “very” or “extremely” interested in using cryptocurrencies in the following ways, by current usage of cryptocurrency to make purchases



■ Owners  
■ Nonowners

■ Owners who purchased for reasons other than investment  
■ Owners who purchased as an investment

■ Owners who do not purchase with cryptocurrencies  
■ Owners who already purchase with cryptocurrencies

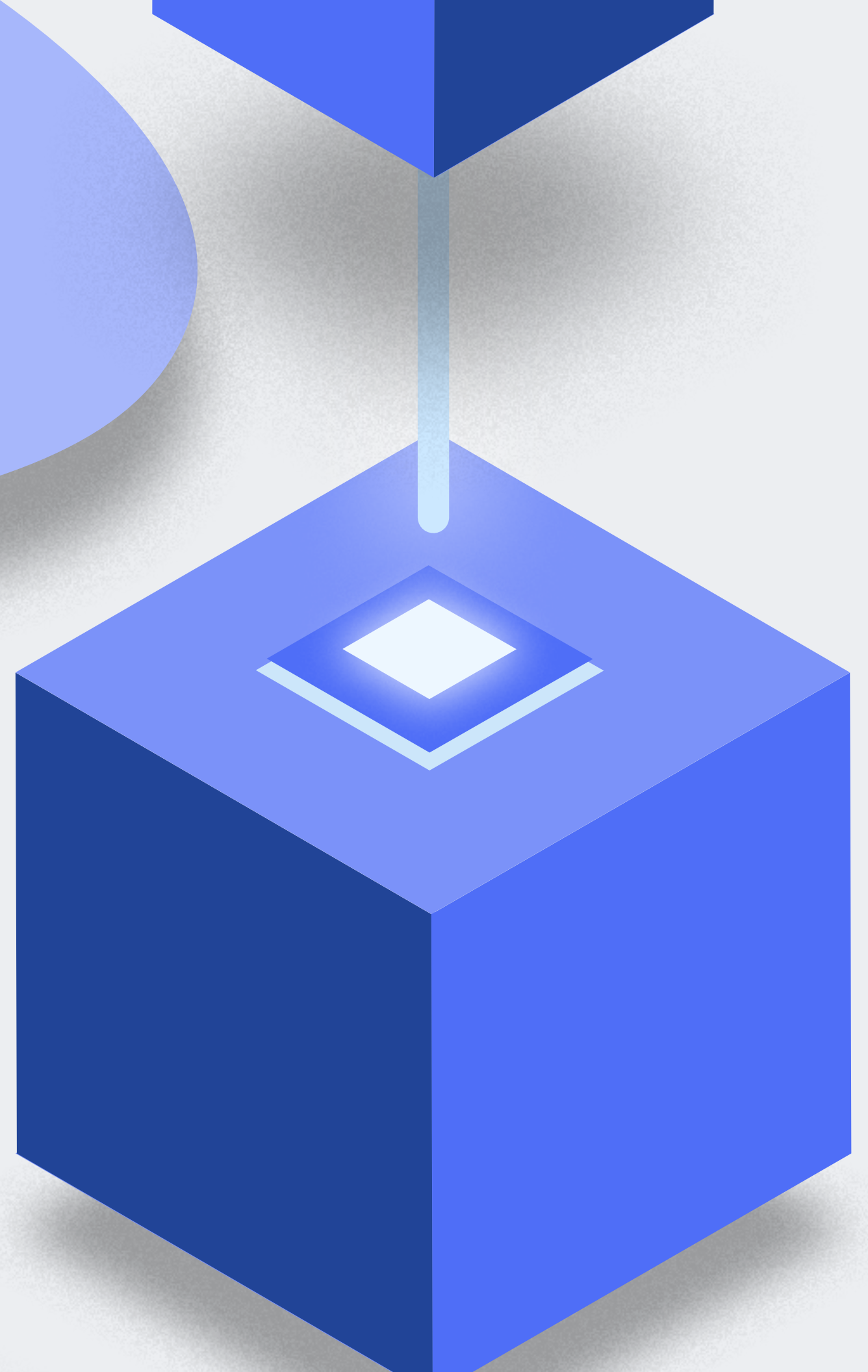




# Use cases drive interest in cryptocurrency payments

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## Replacing traditional card-based payment methods is a key driver for everyday purchases, and some consumers would use cryptocurrency to eliminate the middleman in certain types of transactions.

Half of consumers who own cryptocurrency — many driven by FOMO — made a purchase with it in the past year, and interest in using it for purchasing is also high among nonholders. Reasons for interest vary depending on the transactions. Its potential to eliminate middlemen can explain the interest in using cryptocurrency for real estate purchases, for example, while the possibility of more secure and private transactions motivates purchases in the financial services or eCommerce sectors.

Forty percent of consumers interested in using cryptocurrency in real estate purchases say they are motivated to eliminate intermediaries, such as banks and escrow companies. Consumers want to make transactions with cryptocurrency

in financial services or eCommerce because they believe it offers more privacy and security: 45 percent of consumers who would consider purchasing financial services using cryptocurrency say it would make transactions more private. Forty-two percent say it would make their financial transactions more secure.

What types of products do consumers want to purchase with cryptocurrency? Consumers say they would purchase streaming and entertainment products because they believe doing so would lower costs and improve efficiency. Thirty-nine percent of consumers who would consider purchasing entertainment and media products using cryptocurrency say it would make online payments more efficient, and 36 percent say it

would lower transaction costs. Thirty-eight percent of consumers interested in purchasing computers and electronics using cryptocurrency say it is because of lower online transaction costs.

Interest in using cryptocurrency for grocery shopping can be explained by consumers wanting to supplement or replace traditional payment mechanisms, such as credit and debit cards (38 percent said this). A notable share of consumers interested in making cryptocurrency payments for clothing and accessories say they expect this method would make online payments more efficient (39 percent).

TABLE 1:

**Reasons consumers would be likely to purchase select products using cryptocurrency, if available**

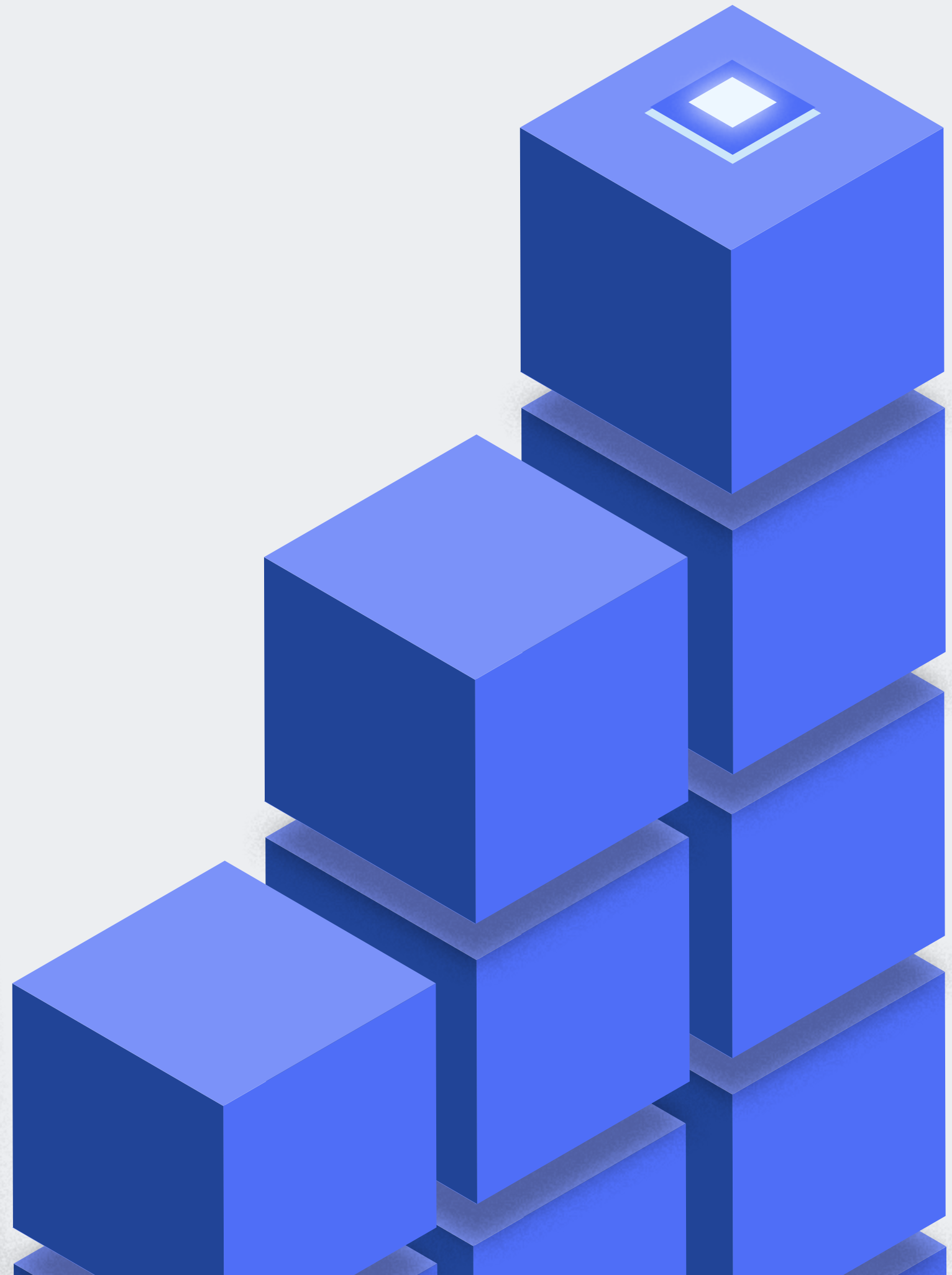
Reasons consumers would be likely to purchase select products using cryptocurrency, if available, by product category

	N	To make my financial transactions more secure	To make my financial transactions more private	To make online payments more efficient	To eliminate "middlemen" from my transactions	To pay lower online transaction costs	To make it easier to spend my gains	To supplement or replace traditional payment mechanisms, like credit and debit cards	Other
Streaming	1446	34.2%	32.9%	39.5%	27.0%	35.2%	29.3%	32.2%	1.8%
Online gaming or gambling	1092	36.2%	38.7%	34.8%	28.8%	35.0%	35.5%	30.6%	2.2%
Entertainment and media	1253	35.4%	33.5%	39.4%	28.0%	36.0%	32.6%	34.1%	1.5%
Real estate	1214	40.2%	39.8%	33.8%	40.0%	33.1%	34.5%	31.0%	1.7%
Education/training services	999	37.6%	35.9%	35.4%	32.9%	34.0%	32.8%	32.3%	1.6%
Groceries	1461	32.0%	31.7%	33.3%	25.6%	31.3%	33.9%	37.5%	2.1%
Professional services	1172	36.9%	39.8%	36.3%	32.7%	34.1%	31.7%	33.3%	1.3%
Restaurants/food delivery	1375	32.2%	31.0%	35.0%	27.6%	34.9%	32.7%	36.2%	2.4%
Clothing and accessories	1437	30.5%	31.1%	39.4%	26.6%	34.1%	33.8%	35.6%	2.3%
Financial services	1392	42.3%	45.1%	34.3%	33.8%	36.2%	33.4%	32.1%	1.3%
Computers and electronics	1498	35.9%	33.4%	37.9%	28.5%	37.7%	33.3%	33.6%	1.9%
Furniture and appliances	1311	33.9%	32.6%	36.7%	30.8%	33.9%	32.2%	34.9%	2.2%
Autos, boats or other vehicles	1258	39.2%	36.6%	34.6%	33.7%	35.6%	34.0%	30.7%	1.5%
Jewelry	1119	36.2%	34.6%	35.1%	27.9%	32.7%	30.6%	34.2%	1.6%
Travel and leisure	1463	37.5%	33.5%	37.0%	28.7%	36.7%	33.1%	35.9%	1.3%



**45%**  
of consumers who would consider purchasing financial services using cryptocurrency say it would make transactions more private.

**Consumers  
expect  
cryptocurrency  
to come with the  
benefits of  
card-based  
payments**





## Consumers would like paying with cryptocurrency to work just like traditional card payments, with discounts and loyalty rewards.

PYMNTS’ research reveals that discount and rewards offerings for cryptocurrency users from merchants and brands can be a powerful incentive and an untapped opportunity. This finding also demonstrates that consumers expect the perks that traditional card issuers have been offering for years.

Our data shows that 59 percent of current or former cryptocurrency holders would be “very” or “extremely” interested in using crypto as a payment method if it meant they could obtain discounts. This share goes up to 65 percent among holders who already make or made purchases with cryptocurrencies and shrinks to 51 percent among those who have not. Twenty-three percent

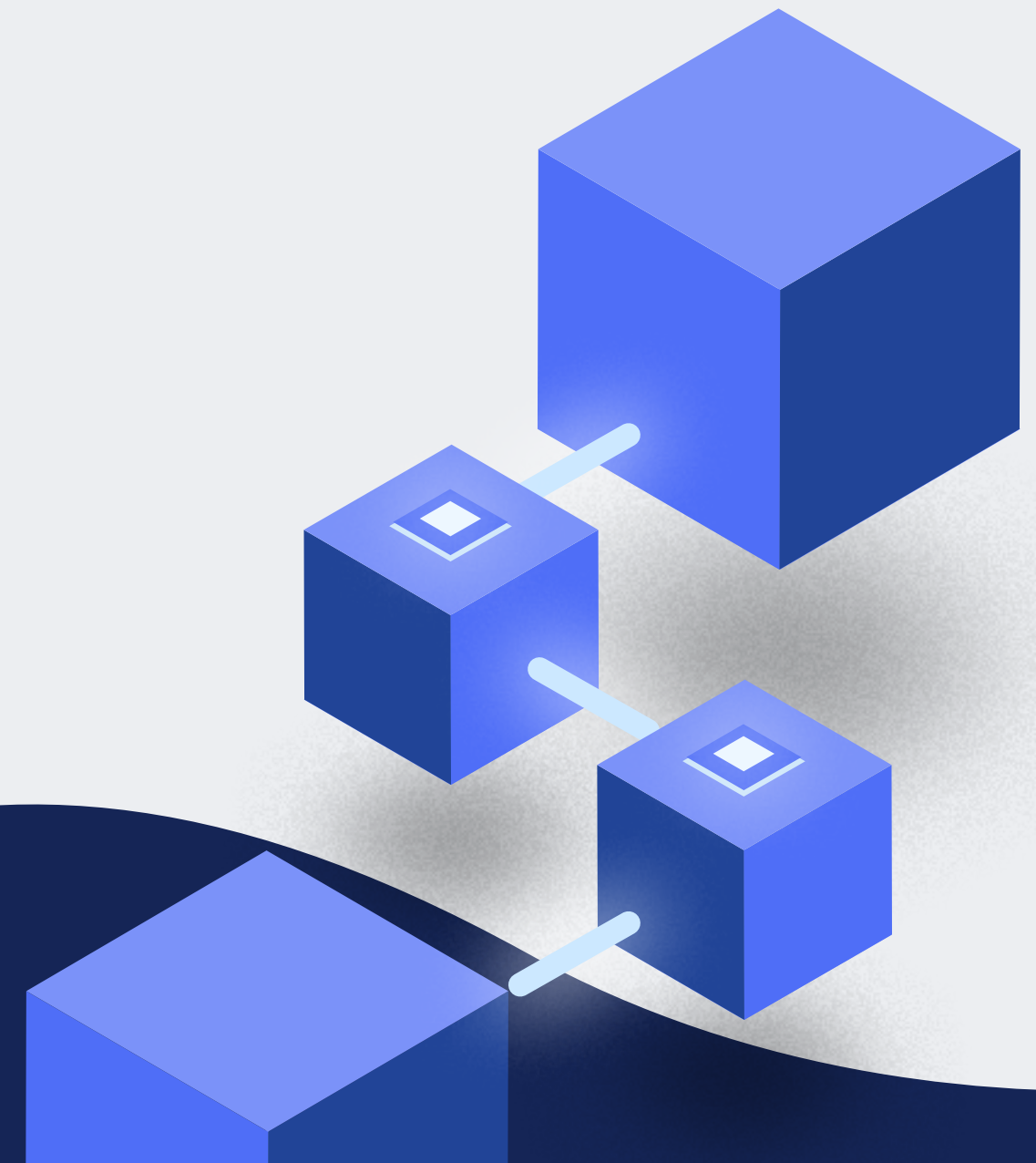
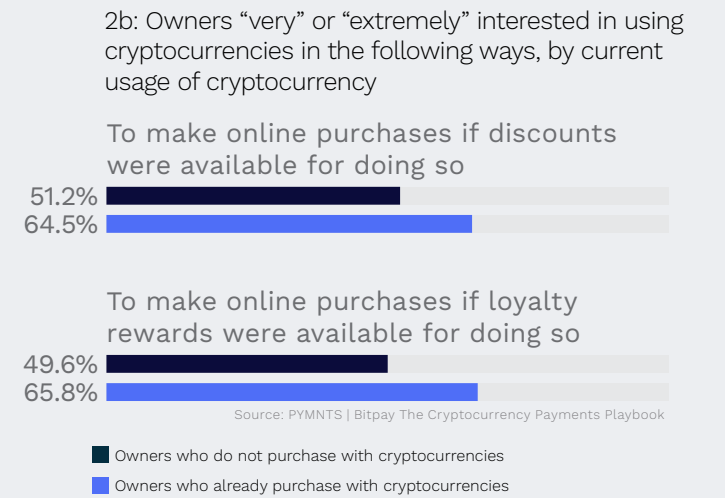
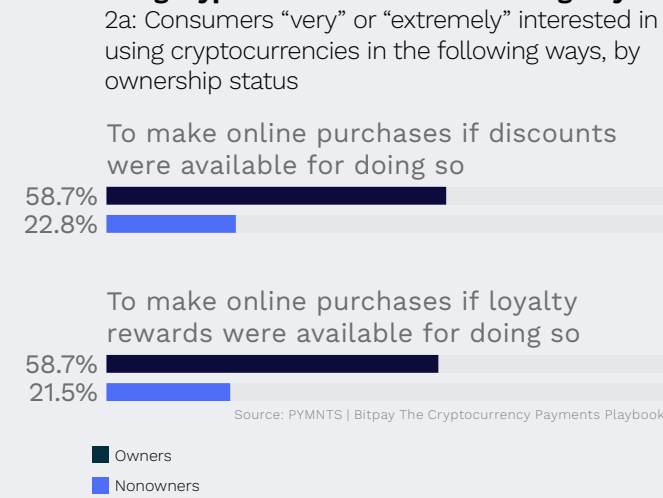
of nonholders would be highly interested in paying with cryptocurrencies if they were offered discounts.


Rewards make powerful incentives as well. Fifty-nine percent of current or former holders would also be interested in using crypto as a payment method if loyalty rewards were available. This share jumps to 66 percent among holders who already make purchases using cryptocurrency and drops to 50 percent among those who do not. This percentage falls significantly among nonholders — just 22 percent would be interested in paying with crypto if loyalty rewards were available.

Merchants should take note of the interest of both holders (57 percent) and nonholders (21 percent) if crypto payments were available at checkout for online purchases. Consumers are also interested in using cryptocurrency as a digital asset to obtain loans to make purchases, cited by 51 percent and 16 percent of cryptocurrency holders and nonholders, respectively.

FIGURE 2:

### Consumers “very” or “extremely” interested in using cryptocurrencies in the following ways





**Poor  
understanding  
and merchant  
acceptance is  
slowing adoption**

## Lack of knowledge is a key barrier to adoption and usage: 75 percent of nonholders say they have not purchased cryptocurrency because they do not know enough.

Consumers need more information and a better understanding of cryptocurrency for adoption to reach its full potential. Even though almost all nonholders have heard about crypto, 75 percent report not knowing enough about cryptocurrencies, how to obtain them or their tax implications as reasons for never having purchased them. The second-most cited reason why they have never purchased cryptocurrency is that it is just not mainstream or accepted enough.

Large shares of older generations express apprehension due to lack of knowledge, with 77 percent of Gen X and 76 percent of baby boomers and seniors citing this reason. Thirty-nine percent of baby boomers and seniors and 33 percent of Gen X are worried that cryptocurrency is not mainstream enough. About one-quarter of all generations feel that the value of cryptocurrency is too volatile.

Concern about ease of use is a potential barrier, as just 19 percent of nonholders believe that making purchases using cryptocurrency would be easy, whereas 55 percent of owners who have already made purchases with it say it was.

Merchant acceptance is another barrier to consumer adoption of cryptocurrencies. Consumers who have cryptocurrency to spend say they are looking for ways to spend it. Fifty-one percent of owners say they are more likely to buy from merchants that accept cryptocurrency, and 47 percent of owners report they specifically seek out merchants that accept crypto. Forty-seven percent of owners also say they would likely spend more on purchases if they could use cryptocurrency. Interestingly, 45 percent of

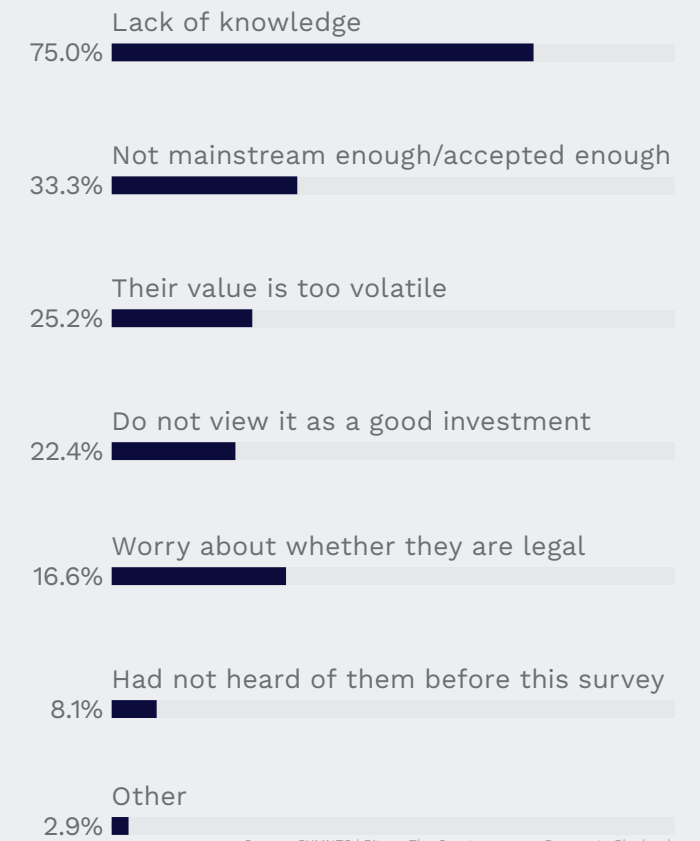
crypto owners trust merchants that accept cryptocurrency more than those that do not.

More than half of nonowners “agree” or “strongly agree” that not enough merchants accept cryptocurrency for payments, validating the notion that cryptocurrencies are becoming more mainstream. Another 30 percent agree that the ability to use crypto as a form of payment would make them spend more than they would when using traditional methods, such as credit cards. The interest both holders and nonholders express in being able to pay for goods and services with cryptocurrency confirms that acceptance is clearly a growth opportunity for merchants.

**FIGURE 3:**

### Reasons for never having purchased cryptocurrency

Nonowners' reasons for never having purchased cryptocurrency



Source: PYMNTS | Bitpay The Cryptocurrency Payments Playbook

**TABLE 2:**

### Reasons for never having purchased cryptocurrency, by generation

	Generation Z	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
• Lack of knowledge	71.9%	72.4%	72.2%	76.9%	75.8%
• Not mainstream enough/accepted enough	21.7%	27.0%	26.8%	33.0%	39.4%
• Their value is too volatile	15.4%	22.5%	24.6%	26.0%	28.1%
• Do not view it as a good investment	18.1%	18.4%	19.2%	19.5%	27.2%
• Worry about whether they are legal	19.6%	16.7%	19.5%	18.6%	14.6%
• Had not heard of them before this survey	9.1%	8.3%	9.2%	7.3%	8.4%
• Other	2.1%	2.4%	2.3%	2.3%	3.5%

Source: PYMNTS | The Cryptocurrency Payments Playbook



# Conclusion

**P**YMNTS' research indicates that interest in cryptocurrency is gaining mainstream traction among consumers who would like to use it for purchases. Our research shows that two-thirds of current or former owners purchased cryptocurrencies to make transactions, and almost all of them would consider purchasing at least one product with the currency. Large shares of consumers who have never owned cryptocurrencies mirror this interest. The reasons behind the mounting interest vary by product categories, with some consumers expecting more secure and private transactions and others wanting to cut out middlemen. Cryptocurrency's upside potential could be realized with better ongoing consumer education and if merchants made acceptance more mainstream and added loyalty and discount programs.

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## Methodology

The Cryptocurrency Payments Playbook: Cryptocurrencies Gain Momentum As A Payment Option draws from a survey of a census-balanced panel of 8,008 U.S. consumers who were current and former cryptocurrency holders and cryptocurrency nonholders between Feb. 8 and Feb. 23, 2021. Respondents were 47 years of age on average. Thirty-two percent held college degrees, and 52 percent were female. We collected responses from 1,376 current cryptocurrency holders, 443 former cryptocurrency holders and 6,189 cryptocurrency nonholders, considering 3,072 of them in the final analysis. This data allowed us to examine the key drivers behind the surge in consumers' interest in using cryptocurrency as a payment method among both digital currency holders and nonholders and to explore what it might take to achieve full market potential.

**Cryptocurrency  
Payments** Playbook

# About

## PYMNTS.com

[PYMNTS.com](https://pymnts.com) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

## bitpay

The first and most experienced company in bitcoin payments, [BitPay](https://bitpay.com) builds powerful tools for spending, accepting, and building with bitcoin.

The company has offices in North America, Europe, and South America and has raised over \$70 million from top investors including Index Ventures, Aquiline Technology Growth, Menlo Ventures, Founders Fund, and Sir Richard Branson.

We are interested in your feedback on this report. If you have questions or comments, or if you would like to subscribe to this report, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).

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