



The Cryptocurrency Payments Process

Understanding Consumer Behavior on Cryptocurrency Platforms

September 2022



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This paper contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform

Act of 1995 that relate to, among other things, our future operations, prospects, developments, strategies, business growth. Forward-looking statements generally are identified by words such as "believes," "estimates," "expects," "intends," "may," "projects," "could," "should," "will," "continue" and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

This report contains mentions of "real-time" payments. Actual fund availability depends on receiving financial institution and region.

Use cases are for illustrative purposes only. Program providers are responsible for their programs and compliance with any applicable laws and regulations.

The conversion of cryptocurrency (non-fiat currency) to fiat currency (e.g., EUR, USD) occurs outside of Visa's system. Visa's involvement in any of these potential use cases is solely to send fiat currency funds using an OCT or AFT.

About Visa

Visa Inc. (NYSE: V) is a world leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network – enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit About Visa, visa.com/blog and [@VisaNews](https://twitter.com/VisaNews).

Visa's Prepaid Product group commissioned this study.

About Material

Material is a new breed of customer experience consultancy committed to helping organizations make a Material impact. With more than 1300 colleagues across the globe, we translate a science-based understanding of what your customers want into the experiences they can't live without. How? Through custom insights consulting, product and design innovation, digital activations, and systems of learning that unlock continuous improvement. Material's breadth of skills and diversity of viewpoints enable us to tackle the biggest opportunities in the digital transformation marketplace.





Background

This paper offers a data-driven exploration into the cryptocurrency payments process, particularly understanding payment preferences among cryptocurrency platform users and motivations behind their payment preferences. Additionally, this research provides insights into the potential impact of real-time payments on cryptocurrency owners.

Methodology

This study, conducted in partnership with Material, was fielded in the United States from March 31 to April 8, 2022, collecting 1,001 online survey responses. The research reflects the views and opinions of online populations in the U.S. and is demographically representative based on age, gender, household income, region and ethnicity.

In order to qualify for the survey, respondents had to:

- Be over 18 years old
- Be the primary or shared decision maker for household finances
- Have an annual household income of \$35,000 or more
- Be an **engaged cryptocurrency owner**, meaning they own cryptocurrency and have funded their account by pre-loading or purchasing crypto directly or have cashed out of cryptocurrency in the past 12 months

This report uses shorthand labels to reference the below subgroups:

- Engaged cryptocurrency owners are referred to as “**crypto owners**”
- Crypto owners age 18-50 are referred to as “**younger crypto owners**”
- Crypto owners age 50+ are referred to as “**older crypto owners**”
- Crypto owners who use debit cards most often when funding “**fiat**” money for crypto purchases are referred to as “**debit card users**”
- Crypto owners using bank transfers most often when funding “**fiat**” money for crypto purchases are referred to as “**bank transfer users**”



Statistical Significance

What is statistical significance testing?

Statistical significance (“stat”) testing is done to assess if the observed differences are meaningful or just a normal data variation.

In other words, it is a calculation of how “sure” we are that the difference is real, not just a function of random noise. The higher the confidence level we set, the more positive we are that these differences are worth paying attention to.

At the 95% confidence level, which is what is used in this report, there is only a 5% chance that the differences we are seeing are just the result of “noise”.

Why do we do it?

When we say the differences between two crypto groups are statistically significant, this is another way of saying we are confident that these differences have a strong likelihood of existing in the population and not just due to random chance.

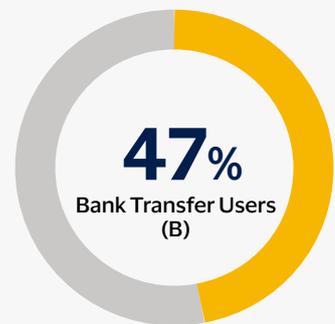
Statistically significant data is the data that we can say (with 95% confidence) is important to consider.

Illustrative



What does it look like in this report?

% Expected to Increase Crypto Purchases in the Next 12 Months



A ◊ next to a percentage indicates that a percentage among one subgroup is statistically significant vs. another subgroup.

In this example, the ◊ tells us that those who Use Debit Cards Most Often (Group A), are significantly more likely to say they expect to increase their crypto purchases in the next 12 months than those who Use Bank Transfer Most Often (Group B).





Card payments are the primary funding method for cryptocurrency

Cryptocurrency owners select payment options that are fast and convenient when funding or withdrawing "fiat" money from their cryptocurrency accounts. As such, card payments – particularly debit cards – are the most popular funding mechanism among owners and are preferred for their speed and ease.

Compared to bank transfer users, debit card users are more actively funding and are also more likely to make monthly on-platform cryptocurrency trades, suggesting an opportunity for trading revenue for cryptocurrency exchanges. Debit card users are also significantly more likely to buy more cryptocurrency in the next 12 months and have recurring cryptocurrency purchases set up on their main exchange.

Debit cards are especially appealing to younger crypto owners (18-50 years old) who are more active crypto users. Compared to those over 50 years old, younger crypto owners are 2x as likely to use cards than bank transfers (ACH), plan to buy more crypto in the next year, and set up recurring purchases more often.



Card payments are the **#1 method used for funding cryptocurrency purchases** due to perceived ease and speed

Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.





Enabling real-time payments can likely lead to increased trading activity among crypto owners

If real-time payments were available...

- Nearly all cryptocurrency owners would be likely to use their exchange to send money to family and friends (93%), and most indicate that they would use their main crypto exchange to send funds internationally (79%).
- The large majority of cryptocurrency owners, especially younger owners, say they would increase engagement with their main exchange, meaning owners (78%) are more likely to buy or fund additional cryptocurrency transactions, buy cryptocurrency assets more frequently, or make more frequent deposits (load virtual wallets or apps), transfers, or withdrawals.
- One-third of cryptocurrency owners say they would trust their cryptocurrency exchange more.



Consumer trust and engagement with their cryptocurrency exchange are also expected to grow as owners utilize real-time payments

If real-time payments were available...

93%

would be likely to send money to family and friend

79%

would send funds internationally

78%

would engage with their crypto platform more if real time payments were available

Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.





Interruptions to the funding process can lead to lost opportunities

Nearly **1/3** (31%) of cryptocurrency owners say they experience issues when funding cryptocurrency

- Nearly one-third (31%) of cryptocurrency owners say they experience issues when funding cryptocurrency, namely delays, denied transactions, and limitations to funding. Delays can reflect negatively on crypto exchanges as they cause owners to miss out on buying opportunities, possibly straining the relationship between exchanges and their users.
- Encouraging debit card funding in tandem with real-time payments can help lead to more customer engagement.
- Leveraging both payment mechanisms can allow owners to enjoy the quick and easy process of debit card funding and minimize the number of issues that come up during the funding process.



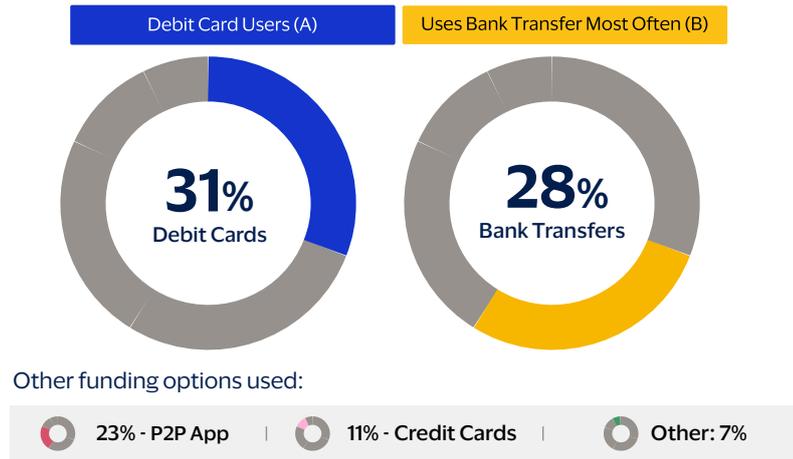
Resolving delays that come up during the funding and withdrawal process may build credibility between users and their main exchange.



Speed and convenience are key reasons why cryptocurrency owners prefer certain payment methods

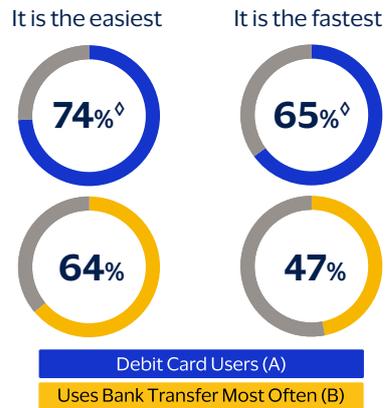
Debit card payments are the most used funding mechanisms for cryptocurrency owners today, with crypto owners citing speed and convenience as key reasons for using debit cards.

Funding options used most often



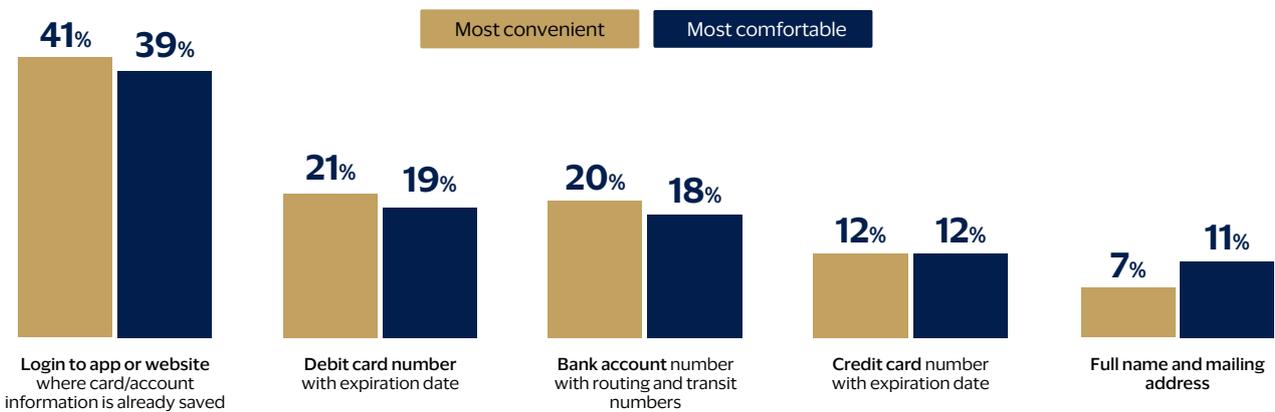
Data asked among engaged crypto owners who funded in the past 12 months (n=897)

Reason for preferring debit card vs. bank transfers



Platforms should encourage debit card usage early on to ensure owners are enjoying the benefits of using debit cards. Crypto owners feel the most comfortable and convenient funding option is to log into an app or website where their card or account information is already saved.

Convenience & comfort preferences



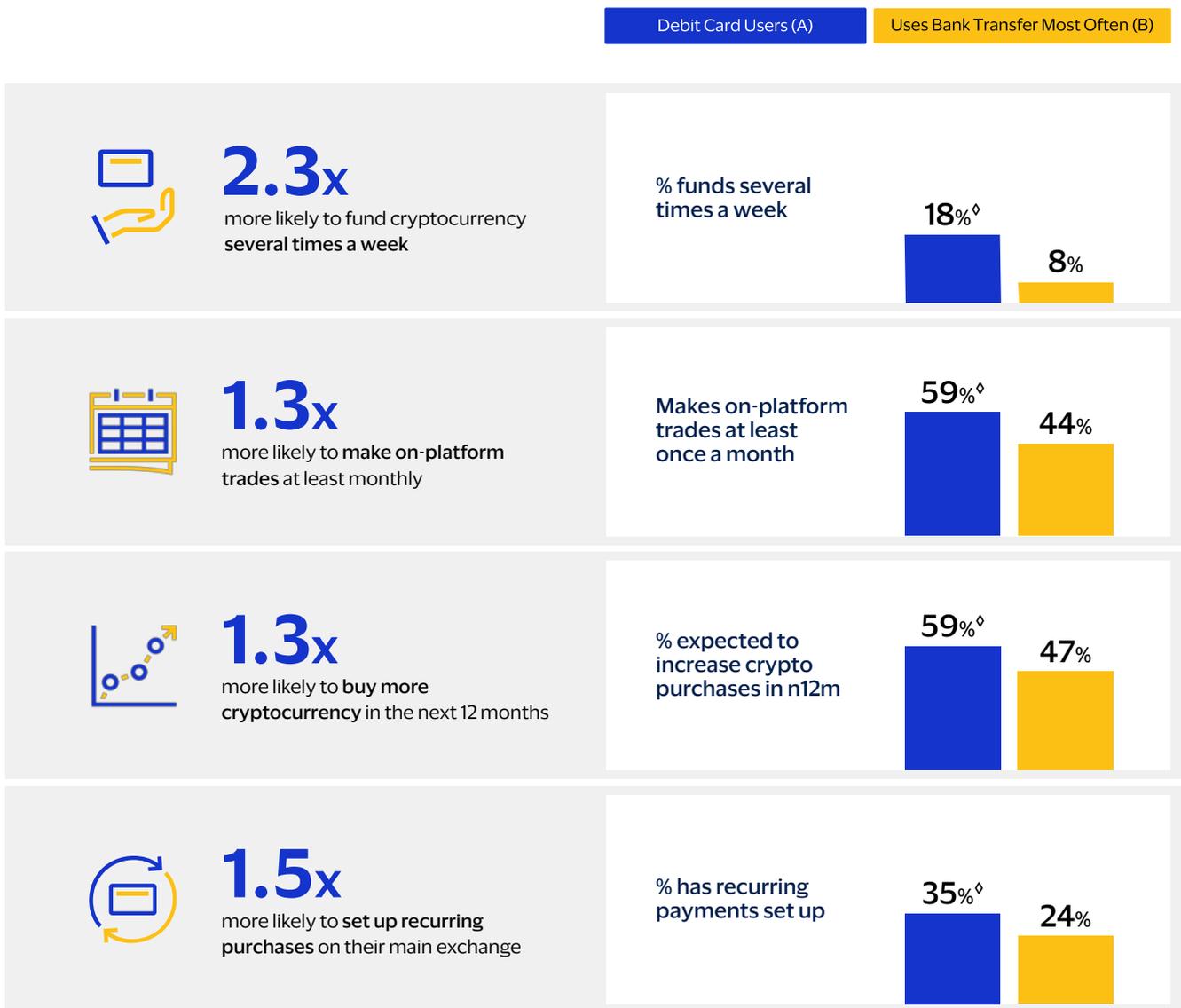
Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.



Debit card users fund and trade more crypto than bank transfer users

Research suggests potential trading revenue among debit card users is substantial, as these owners are actively funding crypto transactions and trading more frequently each month than bank transfer users.

Compared to bank transfer users, debit card users are...



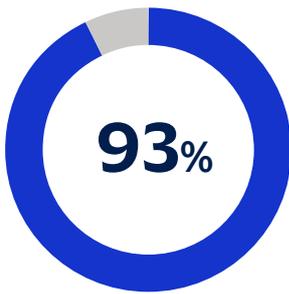
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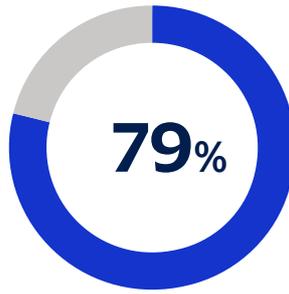
Real-time payments encourage owners to be more active with their cryptocurrency investments and grows trust between users and their crypto exchange

If real-time payments are available...

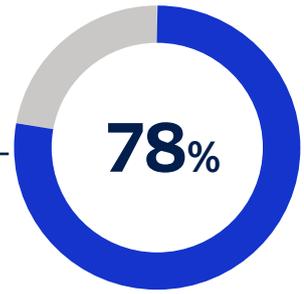
If real-time payments were available, engaged crypto owners are significantly more likely to engage with their main exchange, use their main exchange to send money to family and friends, and send funds internationally.



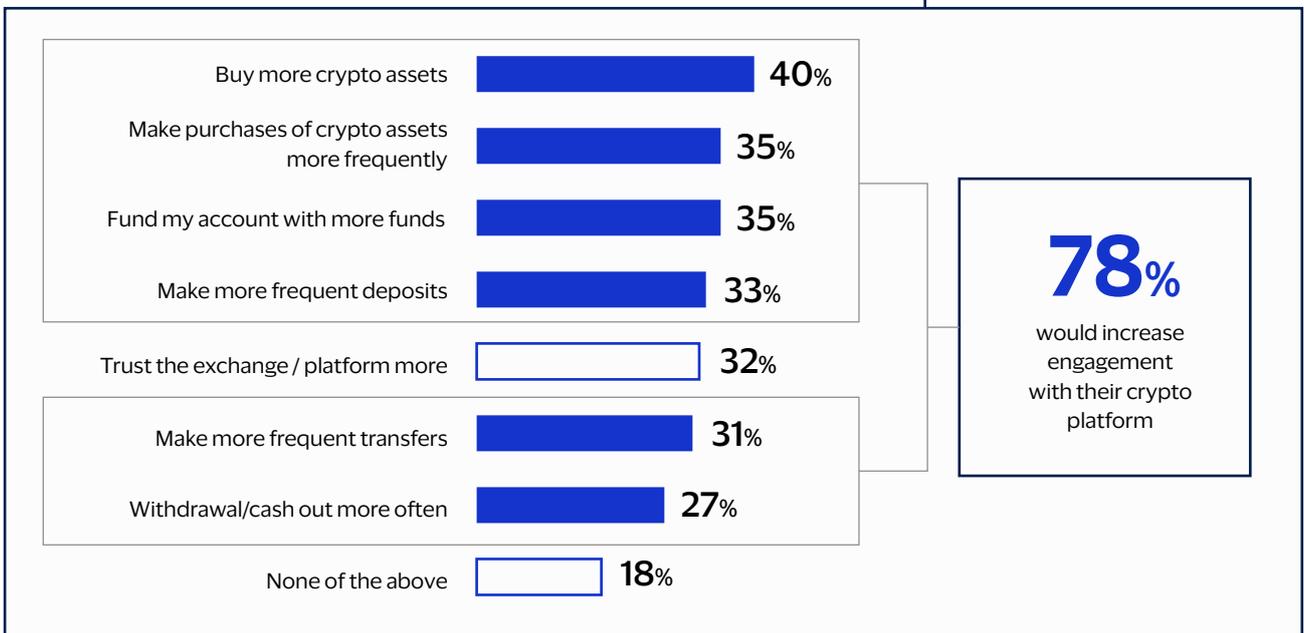
would use their crypto platform to send money to family and friends



would send funds internationally, using their crypto exchange



would engage with their crypto platform more if real time payments were available



Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.





Real-time payments can benefit owners by solving delays which can lead to missed buying opportunities

Results of delays

72%

say* delays result in missed buying opportunities when delays happen

Cause of delays

50%

say* their crypto exchange caused these delays

Visa Direct is a network that can help financial institutions move money 24/7/365 to billions of endpoints in 180+ countries.



Encouraging real-time payments may create a more seamless payment experience. It can allow owners to enjoy the quick and easy process that debit cards can provide.

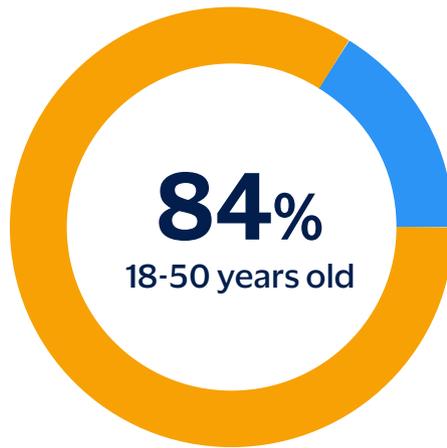
* Data asked among engaged crypto owners who experienced delays while funding in the past 12 months (n=145)
Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.



Compared to older owners, younger owners are 2x as likely to use debit or credit card payments more often

Buying crypto is an important touchpoint for debit card usage, especially among younger owners. Debit cards are the most used funding method for younger owners who are more actively funding and investing in crypto.

Age demographics of engaged crypto owners



16%
50+ years old

84%
18-50 years old



The potential for cryptocurrency among younger owners is huge—survey results reveal this demographic makes up the majority of owners

% use debit card most often by age

18-50 years old (A)

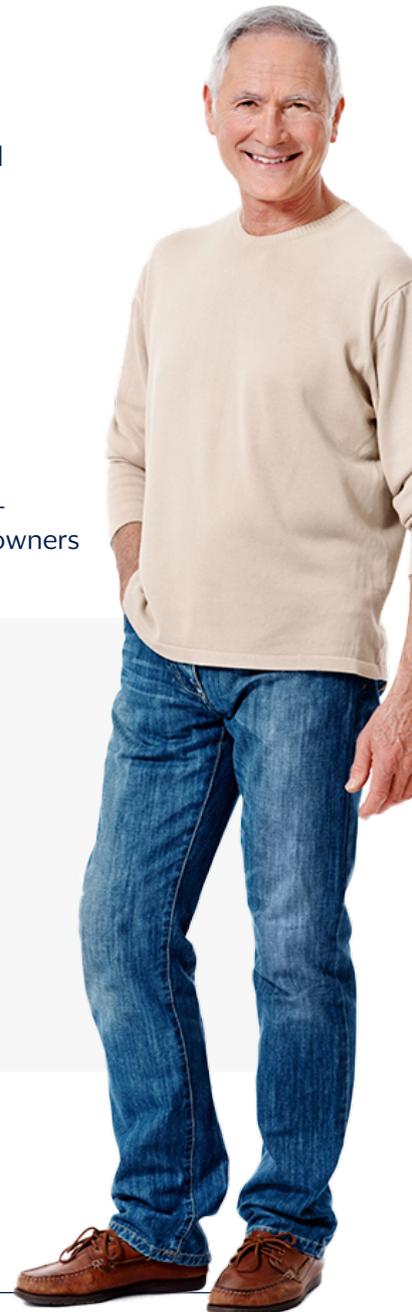


46%

50+ years old (B)



23%



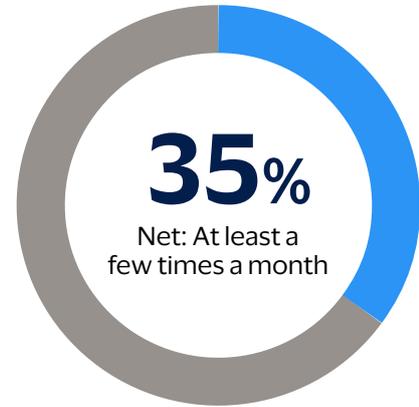
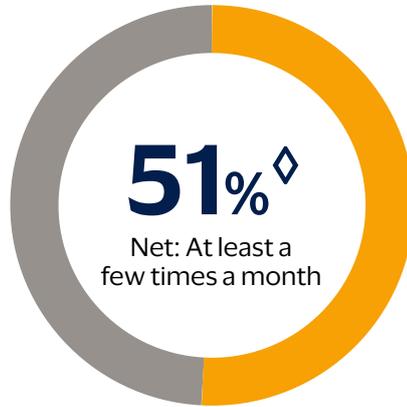
Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.



Not only are debit cards the most used funding method for younger owners, but these owners are also more actively funding and transacting on their main crypto exchanges

Funding Frequency

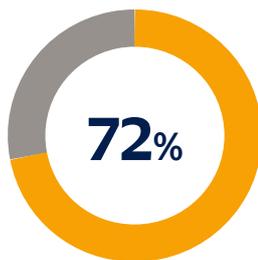
- 18-50 years old (A)
- 50+ years old (B)



Compared to older crypto owners (50+), younger owners are

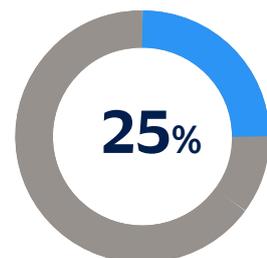
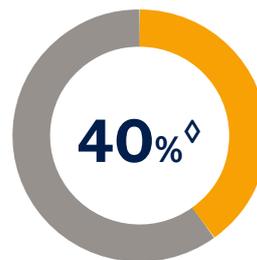
1.5x more likely to fund at least a few times a month

Ever loaded money in an account/wallet



of younger owners load their accounts first before making a crypto purchase*

Recurring purchases



Compared to older crypto owners (50+), younger owners are

1.6x more likely to set up recurring transactions

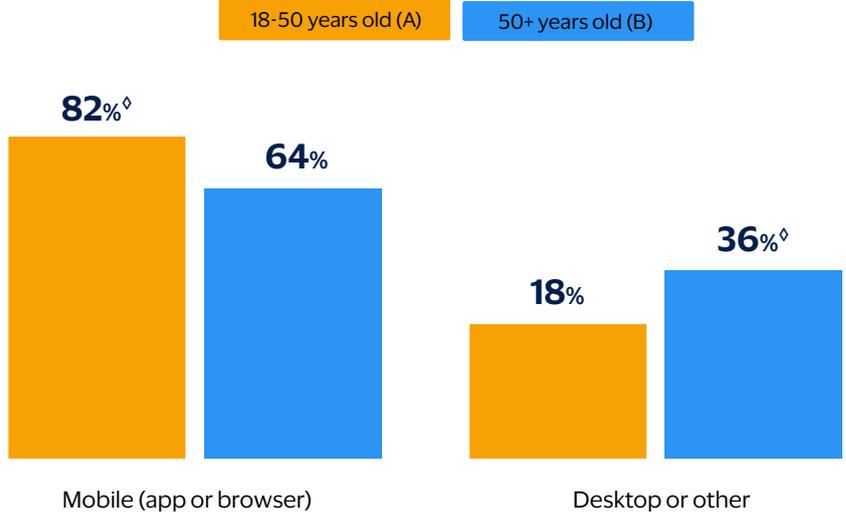
* as opposed to buying cryptocurrency directly
Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.



Enabling debit card funding and ensuring mobile compatibility is especially important in winning over younger crypto owners, who are optimistic about the future of crypto

Mobile vs. App usage

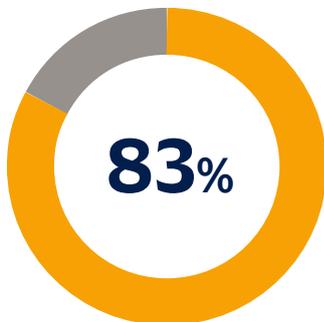
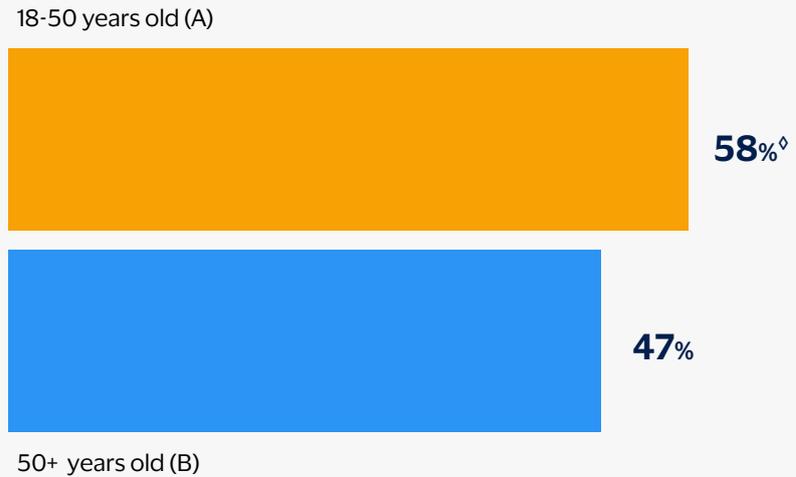
Nearly all younger crypto owners rely on mobile platforms to access their cryptocurrency exchange



Expected crypto purchases in n12m

Among Engaged Crypto Owners (n=1001)

The majority of younger crypto owners expect to invest more in crypto assets in the next year



Impact of real-time payments on crypto behavior

83% of younger crypto owners say that enabling real-time payments would lead to more engagement with crypto exchanges

Research findings summarize attitudes and behaviors of surveyed cryptocurrency owners from data collected from March 31 through April 8, 2022.



Conclusion



Give crypto owners the speed and convenience that they want when it comes to funding “fiat” money for crypto purchases.

Speed and convenience are key motivations for crypto owners when deciding on a payment method. Debit card usage is preferred for being the fastest and easiest way to fund and when it comes to secure information, owners are comfortable with auto-saved credentials during the payment process.

Enabling Visa Direct can help provide the quick, seamless, and secure transfer experiences your customers expect – so they can invest whenever they want – 24/7/365.



Visa Direct can drive more funding and trading activity between owners and their cryptocurrency exchanges, especially among younger owners.

Owners, particularly younger owners, say they would engage more with their main exchange if access to real-time payments were available. Specifically, owners would fund and buy more crypto transactions, buy cryptocurrency assets more frequently, or make more frequent deposits, transfers, or withdrawals. Owners also say they would use real-time payments to send money to family and friends, domestically and internationally.

The potential revenue for cryptocurrency exchanges is significant among younger owners as they are also more likely to buy more crypto in the next year and have recurring payments set up.



Enable Visa Direct to address delays that lead to missed opportunities among crypto owners.

Provide a seamless funding options for your users through Visa Direct.

Resolving issues can be important for crypto exchanges as crypto owners who experience delays are mainly blaming their exchange. Owners who have delays in the funding process say they miss out on buying opportunities.

[Ready to learn more?](#)

Please visit visa.com/visadirect to learn more about Visa Direct’s solutions or get in touch with a Visa AE at: visadirectpreferredpartner@visa.com

