



*Tangible*

*Mini report*

## **Beyond the Bubble**

From the Bitcoin bubble to the present day:  
a short qualitative survey on the world of  
cryptocurrencies investors.

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# Introduction

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In the last few years, the word cryptocurrency has entered the vocabulary of all those who are familiar with the world of finance and technology.

To date, the Coinmarketcap website records over 2000 types of cryptocurrencies. At the same time on 99bitcoins website 362 articles talk about the death of Bitcoin. Between the advent of new cryptocurrencies and the obituaries decreeing the end of this phenomenon, it should be taken into account that the market analysis only focuses on a few cryptocurrencies, such as Bitcoin, Ethereum and Litecoin.

The bitcoin bubble burst, which occurred between the end of 2017 and the beginning of 2018, has been the most significant event since 2009 in the world of

cryptocurrency. Not only this drew attention to the phenomenon, but also led to a reshuffling of the investment assets, where cryptocurrencies have carved out their place. This is particularly true if compared to traditional assets that are considered less profitable and more stagnant, such as bond markets and real estate.

Moreover, the rise of Bitcoin helped creating a new generation of young investors who found in cryptocurrencies an alternative to the traditional market, where they could start moving their first steps.

A few months after the bubble burst, we wanted to explore how cryptocurrencies are reshaping investors profiles and understand what kind of visions are hidden behind people who invest in this market.

# 01

## ***Who invests in cryptocurrencies?***

Who are cryptocurrencies investors? What is their sense of ethics and value system? In which direction is the blockchain heading? These are some of the questions to which we tried to answers during the survey. In this chapter we will go more into detail and investigate reasons and worldviews behind the choice to invest part of one's savings in cryptocurrencies.

## WHAT DOES CRYPTOCURRENCIES REPRESENT

Without aiming for a revolutionary change, the initial promise contained in Satoshi Nakamoto's white paper "Bitcoin: a peer-to-peer electronic cash system" was clear: with the blockchain it is possible to create - through a distributed network - a decentralized system to transfer value. In simple terms: **with the blockchain it is possible to create an alternative system to the banking one.**

Ten years and a speculative bubble have passed since the release of the white paper and it has been interesting to see how the evolution of this kind of promise has made the respondents reflect deeply on investments and money value. Yes, because when we asked "Why do you invest in cryptocurrency?" we were often corrected by the interviewees. In fact, they perceived it as if they were supporting a project rather than making a simple investment.

According to their vision one does not simply invest in cryptocurrency, instead one supports a project, a technology, a future vision of the world. If cryptocurrencies have not recorded shocks within the world of "traditional" finance, they are certainly creating a new vision of investments and as a result, this vision is consistently changing the perception of money value itself.



***Cryptomonics may not be simply an investment and it's a good idea to separate two categories of people. There is a speculative field: I buy a token because I think it will gain value and therefore I believe I can sell it at a higher value than when I bought it. Which is different from investing in cryptocurrency because of a reason: there is a use I make of that currency [...] Some projects will lead to a different way of living, rather than a different way of conceiving money***

## CRYPTO: BETWEEN ALTERNATIVE ASSETS AND CRITICAL MASS SIGNALS

In this context, cryptocurrency represents a credible alternative for the investment market. After conducting the survey, we were able to identify two macro-blocks of investors with different socio-economic characteristics and age range.

On the one hand, we identified a multitude of so-called traditional investors, consisting of people, generally aged forty to fifty years old, who had the opportunity to make investments between the second half of the '90s and the early 2000s. During this period, **traditional investments** such as funds, bonds, securities and real estate, gave the opportunity to generate a substantial extra income. Even though they invest significant amount of money, traditional investors pay great attention to the cryptocurrency market without risking too much. For them, **the cryptocurrency market is just a way to diversify their investments.**

On the other hand, cryptocurrencies have generated a new group of investors, generally aged 18 to 30 years old, approaching the world of investments for the first time. Within this macro-block we have recorded an interesting fact: not only cryptocurrencies but especially the blockchain represents

a strong attraction. In fact, it represents both an element of security and transparency. Moreover, it is a **way to break with the global governance and an economic system from which they feel excluded and undervalued.**

## INVESTORS INFORMATION CHANNELS

The information channel represents the common ground for the two macro-blocks of investors that we illustrated in the previous paragraph. In some ways, this pretty much reflects the independent and decentralised nature of cryptocurrencies. In fact, each respondent reported to acquire information directly from Telegram groups rather than using mainstream media, blogs or specialized magazines such as **Coindesk**. We had the opportunity to collect information about many of these Telegram groups: some of them are simply news and updates bots, while most of them are active communities of investors commenting, advising and discussing hot topics related to the world of cryptocurrencies.

## NEW CURRENCY OR NEW PARADIGMS OF GOVERNANCE?

When asking further about future visions and about the idea of **adopting cryptocurrencies as main currency**, respondents expressed a rather cautious opinion on its application within a globalized financial system. In fact, **the strong volatility of this market has attenuated the perception of cryptocurrency as a reformation and disruption element within the economic system**. Most likely, this is a collateral effect of the strong Bitcoin fluctuations. Therefore, we may say that for now, the vision of cryptocurrency as a future global currency has been set aside in favor of a more defined vision of the blockchain and its impact on our lives. In fact, the blockchain is seen as an innovation and reformation model for the economy, the political governance and communications.

Generally, respondents, especially those working in specific fields such as IT or management consulting, showed a greater awareness about the resistance that the blockchain meets at lower education levels. On the other hand, people involved in large-scale businesses can recognize greater attention at management and government levels.

# 02

## ***The Four Archetypes of Crypto-Investor***

As mentioned in the previous chapter, we have been able to identify two different macro-blocks of investors with different characteristics. In-depth analysis and categorisation of qualitative data revealed, in a rather natural way, four subtypes of investor profiles. We grouped them into four representative archetypes, namely the **supporter**, the **tech expert**, the **speculator** and the **explorer**.

These archetypes were shaped by clustering some of the common traits that emerged during the survey, paying specific attention to the level of engagement in investments, level of education, shared values and socio-cultural references.





# The Supporter

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AGED 30 TO 44 YEARS OLD

**Profile:** The Supporter represents the most ideological profile. He firmly believes in the blockchain and in disintermediation, not only when it comes to the banking system. He doesn't speak of investment, but of support almost using political terms. This might be the consequence of an enormous trust in disruptive technologies, which according to his vision, could eventually change the banking system but will surely change the concept of value. He is very interested in cryptocurrencies and in the blockchain and therefore actively follows discussions on Telegram channels. He becomes very skeptical when new ICOs enter the market, in fact he hates hype and speculation.

**Main investments:** Bitcoin

**Investment type:** Long-term

**Information channel:** Coindesk, The Hacker News, Telegram groups

**Products and services:** He prefers to keep crypto-savings on safe hardware devices such as Ledger Nano. However, due to his enormous trust in cryptocurrencies, he is dedicated to exploring and experimenting with new wallets and tokens.

# The tech expert

## MULTIDISCIPLINARY PROFILE

**Profile:** Among all profiles, it is the most flexible in terms of financial competences. At the same time, it is the most defined in terms of technological competences. The Tech-expert usually works in software development, design or management consulting. According to his vision, the blockchain represent a great topic to understand future developments of his working field. The investment is a way to experience and learn more about technology, whether it is made in a detached way or following an ideological vision.

**Main investments:** Ethereum, Bitcoin, Litecoin

**Investment type:** Medium- to long-term

**Information channel:** Coindesk, The Hacker News, Telegram groups

**Products and services:** this profile is constantly looking for frictionless experiences, whether it is about a type of banking product or a banking service. He tends to be a customer of online banks such as Fineco, CheBanca, ING. He tries to minimize the interactions with physical bank branches.



# The Speculator

AGED 19 TO 30 YEARS OLD

**Profile:** The Speculator is normally a young person who just entered the world of investment. He began to invest around the end of 2017, at the time of maximum propagation. He had the opportunity to earn something at the right time by investing little. He does not follow a particular ideology, he does not seek in-depth information and consequently tends to rely mostly on his own experience. Although the bubble burst, he still believes he can generate profit with medium and long term investments.

**Main investments:** new ICOs and crypto currencies (volatile return)

**Investment type:** always attentive to new ICOs in order to maximize short-term return.

**Information channels:** official Facebook pages of the services it uses (e.g. Coinbase, Satispay, Hype), Twitter, Telegram (BOT groups).

**Products and services:** He only uses mobile devices and is a frequent user of financial apps such as Satispay, Oval or PayPal. Normally, he is a customer of online banks such as Hype and N26.



# The Explorer

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**AGED 44 TO 50 YEARS OLD**

**Profile:** The Explorer invests little and in a fairly detached manner, without too much involvement. He invests out of curiosity in low-risk cryptocurrencies. Although he has the tendency to invest more money than the other profiles, he tries to make a diversified and calculated investment, without profit expectations. He pays a lot of attention to the market and is potentially ready to take advantage of favorable periods.

**Main investment:** Litecoin

**Investment type:** he makes long-term investment, but always pays attention to market fluctuations in order to maximize profit in short-term investments.

**Information channels:** Il Sole 24 Ore, Bloomberg, Milano Finanza

**Products and services:** when approaching investments, he is a rather calculating type. He feels the need to weigh and analyze all investment factors. Usually prefers to operate from a computer desktop and has the tendency to use mobile devices only for consultative purposes.



# 03

## ***The bank role***

In this scenario, how are investors changing their perception of the banking system? What kind of road are cryptocurrencies together with the blockchain tracking?

Let's close this report by illustrating the results of the survey, by probing some aspects concerning the relations with the banks and by understanding the position of cryptocurrencies and of the blockchain tracking within the bank system.

## THE BANK MAINTAINS ITS CENTRAL ROLE

During the interviews, we asked about the bank role, seeking both opinions on respondent's respective institutes and about the perception of the bank as an institution.

We have been able to prove that **the bank, as institution and intermediary, still has a central role in people's lives.**

According to our research, this type of evaluation is affected by certain dynamics and varies among customers of different banks.

we identified a main affecting factor for **large banking groups** customers, namely **the offer of products and services and the ability to keep up with new technologies.**

**For customers of small local banks** the technological aspect is important, but it is secondary if compared to other factors such as **human connections and territorial proximity.** These factors seem to be crucial when choosing to become or remain customers of this kind of bank.

Online banks customers instead seem to care mainly for **digital services, transparency and costs-effectiveness.** Their expectations revolve around low-cost and fast services.

However, looking at the overall data, we noticed that **bank authority have registered a general redefinition.** The recent great recession with its consequent domino effect played a crucial role in this change. As a matter of facts, the recession in Italy has affected numerous credit institutions, causing bankruptcies and acquisitions.

Even in this scenario, cryptocurrencies have not represented a decisive resolution. This might have been particularly unlikely since **the lack of regulation in the crypto-market does not meet security expectations.**

## THE DIRECTION TAKEN BY THE CRYPTOCURRENCIES

Thanks to the blockchain, cryptocurrencies are tracing a new path. The banks could actually follow this direction, especially in terms of general redefinition of services and products.

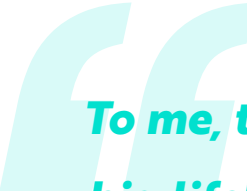
On 14 June 2018, the Italian Banking Association started an experiment that involved a small group of banks: The Spunta Project, a blockchain-based application for interbank reconciliations.

The note in the press release reads as follows:

“The project, which is being carried out by Abi Lab, the banking research and innovation centre promoted by the Italian Banking Association, seeks to implement the blockchain to interbank processes. The objective is to provide data transparency and visibility, faster transaction execution and the possibility of performing checks and exchanges directly within the application.”

This paragraph is surely interesting for the purposes of this research as it confirms some of its main points.

First of all, it demonstrates that the blockchain has reason to exist even without cryptocurrencies. Finally we can say that, in the scenario in which the cryptocurrencies emerged as new investment assets (without actually disrupting the market), the Blockchain represented the Pandora’s box from which a variety of new opportunities for the banks of the future and their customers emerged. Most importantly, it opened up a dialogue on **crucial themes such as security, transparency and transaction costs**. The same themes emerged across the board and were shared among respondent of our survey.



***To me, the bank institution is like a big lifebuoy. A lot of people would risk too much if there were no intermediation from the bank. But I also see it as an overhead of costs and complications, this annoys me.***







# Info & credits

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## METHOD

This research was conducted between July 2018 and January 2019. The recruitment took place through an online questionnaire which was distributed on social media. In total, 32 people have responded to the survey. This first survey allowed us to carry out an initial screening, where 14 profiles were selected to carry out interviews by telephone or via Skype and Google Meet, between September 2018 and January 2019.

## CREDITS

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