

Paying With Cryptocurrency: What Consumers And Merchants Expect From Digital Currencies, a PYMNTS and BitPay collaboration, is based on a survey of 2,334 consumers about their understanding and use of cryptocurrencies that was conducted from Feb. 22 to March 2. We also surveyed 202 merchants with annual online sales of at least \$250 million from March 3 to March 15 about their experiences accepting cryptocurrency as a payment method.



Paying With Cryptocurrency

What Consumers And Merchants Expect From Digital Currencies

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Acknowledgment

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Introduction



Consumer interest in cryptocurrency has been growing for some time. The percentage of consumers who held crypto at some point during the year rose to 23% in 2021 from 16% in 2020. By now, consumers and merchants have had enough experience with cryptocurrencies since they first became available in 2008 that they understand the advantages they offer as a payment method. Despite gaining traction in recent years, the crypto acceptance rate at many retailers is quite low, and that means cryptocurrency holders have limited options when it comes to paying for purchases at

many retailers. In addition, bitcoin and other key cryptocurrencies have lost much of their investment value since the fall of 2021, and it is not clear if this downturn in the financial market will slow or delay acceptance of cryptocurrencies for retail and commercial transactions. At this stage, before usage of crypto as a payment method can reach critical mass, more merchants will need to accept it.

As things stand now, 46% of merchants say they have integrated crypto into their mix of accepted payment methods, although most purchases that use cryptocurrency are made with digital wallets. Moreover, crypto is still a big retailer game. Eighty-five percent of businesses with more than \$1 billion in annual online sales say they accept some form of crypto-enabled payment method, such as PayPal, for purchases. But smaller merchants are less likely to accept crypto as a payment method. Just 23% of retailers with \$250 million to \$1 billion in annual online sales accept crypto for purchases.

These are some of the key findings in *Paying With Cryptocurrency: What Consumers And Merchants Expect From Digital Currencies*, a PYMNTS and BitPay collaboration in which we evaluate what makes cryptocurrencies appealing to consumers and merchants. We interviewed 2,334 consumers and investors between Feb. 22 to March 2 about their understanding and use of cryptocurrency. We also surveyed 202 merchants with annual online sales of at least \$250 million from March 3 to March 15 about their experiences accepting cryptocurrency as a payment method.

This is what we learned.

Twenty-three percent of consumers currently hold or have held cryptocurrency during the past 12 months.

The share of consumers holding cryptocurrency for use as a payment method has grown. Sixteen percent of consumers currently own some cryptocurrency, compared to 12% a year ago. Bitcoin remains the most popular digital currency and was held by 12% of consumers surveyed. Ether is the next most popular digital currency, and it was held by 6.8% of consumers surveyed.

Nearly half of merchants report having integrated cryptocurrency into their payment method acceptance mix, but most accept crypto payments via non-native wallets, such as PayPal or Venmo, that offer consumers other options.

While 46% of merchants say they have integrated crypto into their mix of accepted payments, just 23% report accepting payments via crypto-native wallets. Most cryptocurrency purchases are made with digital wallets, such as PayPal and Venmo, that allow other payment methods and non-native crypto payments. PayPal now permits its Checkout with Crypto product to send and receive digital assets from other wallets and exchanges. Consumers have to convert crypto into a fiat currency prior to making a purchase, however. At the same time, cryptocurrency is growing in importance for retailers — particularly large ones. The average large eCommerce retailer garners 1.3% of its sales through cryptocurrency payments.



Nearly all the merchants surveyed that accept cryptocurrency are investing in their payments platforms to deepen their integration with cryptocurrency.

Half of businesses are innovating with their payments platforms to either incorporate acceptance of cryptocurrency or expand their existing crypto acceptance capabilities. The bulk of innovation is being driven by the merchants that already accept cryptocurrency at the checkout. Ninety-five percent of the businesses that currently accept cryptocurrency as a form of payment say they are planning to innovate or further innovate their crypto acceptance capabilities.

Seventy-seven percent of the merchants that accept cryptocurrency cite lower fees for processing a crypto transaction relative to other payment methods as a reason for its appeal.












Merchants are typically charged about 1% for processing cryptocurrency transactions, which is less than the average fee of between 1.5% and 3.5% charged by processors for credit card and other payment methods. Crypto's appeal is based on much more than just transaction fees. Thirty-two percent of the businesses that are expanding usage of crypto or beginning to use it say the ability to reach new customers is the most important feature of crypto that appeals to them.



Part I

What consumers like about crypto

Table 1A:
Measuring consumer usage of cryptocurrency
Consumer ownership and awareness of select cryptocurrencies

	 Bitcoin (BTC)	 Ether (ETH)	 Dogecoin (DOGE)	 Shiba Inu (SHIB)	 Litecoin (LTC)	 Bitcoin cash (BCH)	 USD coin (USDC)	 Cardano (ADA)	 Binance USD (BUSD)	 Binance coin (BNB)	 Stellar (XLM)
• Currently hold	12.0%	6.8%	5.6%	3.3%	3.3%	3.0%	2.9%	2.4%	2.2%	2.1%	2.1%
• Held in past 12 months	4.7%	3.2%	3.5%	1.7%	2.5%	3.7%	1.9%	2.2%	2.0%	2.3%	1.9%
• Ever held	1.5%	1.6%	2.2%	0.9%	2.0%	3.1%	1.7%	1.2%	1.3%	1.9%	1.0%
• Never held but knows coin	74.2%	30.0%	38.6%	14.7%	19.1%	31.2%	21.0%	10.0%	12.5%	14.9%	9.8%
• Never held and does not know coin	7.5%	58.4%	50.2%	79.4%	73.2%	59.0%	72.4%	84.1%	82.0%	78.8%	85.1%

Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 5,162: Whole sample

Investment considerations

While up to 30% of consumers who hold cryptocurrency say they primarily use it for purchases, most consumers have bought crypto as an investment. Fifty-five percent of consumers who have held cryptocurrency in the past year have bought it for investment purposes. The investment motive is consistent among all age groups in the survey. Fifty-eight percent of Generation X consumers who have bought cryptocurrency say they own it for investment purposes, making them the most likely age group to hold crypto as an investment. Despite being the age group least likely to do so, 53% of Generation Z consumers report purchasing crypto as an investment.






It remains to be seen how the crypto investment market will emerge from the recent economic uncertainty and political turmoil

that have taken their toll on the value of cryptocurrency investments. Bitcoin, the most widely held cryptocurrency, is down sharply from its peak in last November. As the crypto market continued the sharp sell-off that began in 2021's final months, bitcoin fell to a price near \$21,000 on June 16, one-third the value it had at its peak last November. The market cap of the top 10 digital currencies fell below \$1 trillion in mid-June after peaking above \$3 trillion in November 2021.¹

Higher-income consumers have shown greater interest in holding cryptocurrencies: 27% of consumers earning more than \$100,000 and 27% of those earning \$50,000 to \$100,000 annually have held a cryptocurrency in the past year. Just 15% of consumers making less than \$50,000 have held crypto.

¹ Author unknown. Cryptocurrency Prices by Market Cap. CoinGecko. 2022. <https://www.coingecko.com>. Accessed June 2022.

Table 1B:
Measuring consumer usage of cryptocurrency
Consumer ownership and awareness of select cryptocurrencies, by generation

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
• Investment reasons	52.7%	54.5%	55.8%	57.5%	54.0%
• Transactional reasons	37.5%	37.3%	34.5%	29.8%	17.1%
• Fears of missing an investment opportunity	9.7%	8.2%	9.7%	12.8%	28.9%

Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 1,096: Respondents who hold or held cryptocurrency in the last 12 months

85%

of companies with more than \$1 billion in annual sales say they are innovating with cryptocurrency to gain new customers.

Larger merchants pave the way for more crypto acceptance

The larger a merchant is, the more likely it is to accept cryptocurrencies and other innovative payment methods. For example, 85% of businesses with more than \$1 billion in annual sales say they accept cryptocurrencies for purchases.

Still, the acceptance is not by any means universal. Just 23% of businesses let customers use crypto-native wallets such as Coinbase Wallet or Crypto.com, which permit direct access to customers’ cryptocurrency funds. In addition, even merchants that accept crypto at the point of sale (POS) do not have it incorporated seamlessly into their payments platforms — just 28% of the businesses that accept cryptocurrency as a means of payment have POS integration.

An additional 23% of businesses rely on platforms such as PayPal’s, which allows users to liquidate cryptocurrency and then make a payment in dollars, pounds or euros.

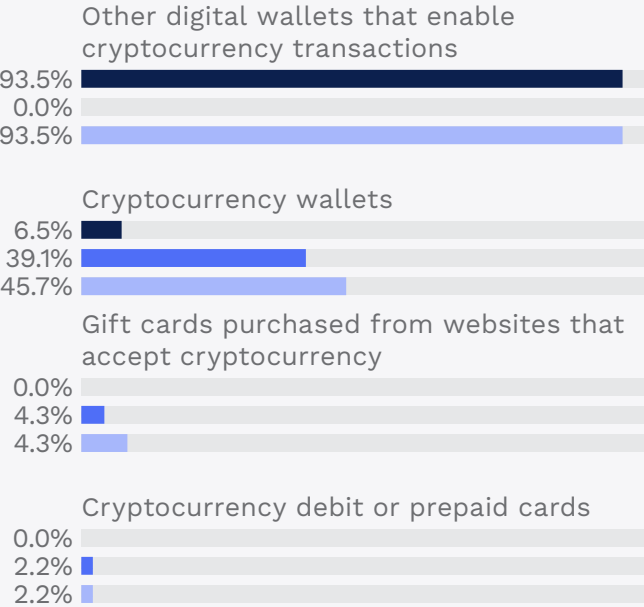
Ninety-three percent of merchants cite non-crypto-native wallets, such as PayPal or Venmo, as the primary way consumers use crypto to buy from them.

PayPal recently opened up its Checkout with Crypto product, permitting it to send and receive digital assets via other wallets and exchanges.² Previously, Checkout with Crypto had been closed to coins that were not purchased through PayPal. The move means that crypto owners who want to make purchases at merchants on PayPal’s network no longer have to sell their bitcoin and buy it back on PayPal. This requirement imposed two transaction fees and, on the selling side, an exchange fee.

In opening up its Merchant Network, PayPal is letting merchants enjoy more of the benefits of accepting crypto payments.

² PayPal Opens Door to Outside Crypto Wallets. PYMNTS.com. 2022. <https://www.pymnts.com/cryptocurrency/2022/paypal-opens-door-to-outside-crypto-wallets/>. Accessed June 2022.

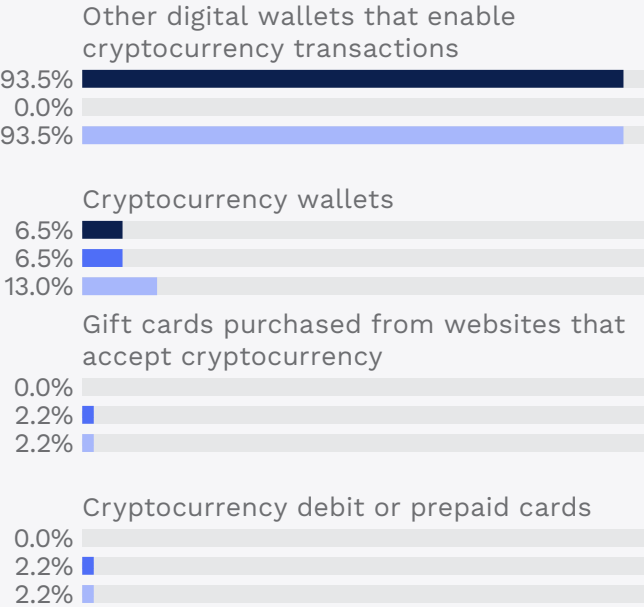
Figure 1A:
How consumers spend crypto
Ways customers are able to use cryptocurrency to pay for in-store purchases



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 46: Merchants accepting cryptocurrencies

■ Most used by customers
■ Offered, not most used
■ Total

Figure 1B:
How consumers spend crypto
Ways customers are able to use cryptocurrency to pay for online purchases



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 46: Merchants accepting cryptocurrencies

■ Most used by customers
■ Offered, not most used
■ Total

82%
of merchants say
crypto's elimination
of the middleman
in their payments
processing is an
important reason
for accepting it.

Part II

Charting crypto's future

Merchants see crypto as a means to reach more customers

Forty-two percent of the businesses that do not accept cryptocurrencies for purchases plan to accept them and begin making payments with them within 12 months. Eighty-five percent of firms with revenues from online sales greater than \$1 billion are making innovations with their POS platforms to accept payments in cryptocurrency. Most of the remaining companies plan on making the necessary innovations for cryptocurrency payments in the next six months to one year.

The ability to gain new customers is the biggest motivating factor for upgrading a payments platform. Eighty-five percent of the surveyed firms that are making innovations to accept crypto or making plans to accept crypto with

their checkout systems say this is an important reason why they are ready to expand their acceptance of crypto or begin accepting payments in crypto. Thirty-two percent call it the most important factor in their decision to accept or begin accepting crypto payments.

Merchants in the two largest revenue categories surveyed expressed the most interest in making improvements to their POS platforms to gain new customers. Eighty-five percent of the companies with more than \$1 billion in annual sales say they are innovating to gain customers, and 88% of companies with \$250 million to \$1 billion in annual revenue say the same.

Table 2:
Measuring businesses' commitment to crypto
Share of businesses with plans for making innovations related to accepting cryptocurrency, by current acceptance status

	Currently innovating	Plan to innovate within six months	Plan to innovate within twelve months	Plan to innovate, but not in the next two years	Not planning/undecided
• Sample	50.0%	4.5%	15.7%	28.7%	1.1%
• Accepting merchants	94.6%	0.0%	1.1%	3.2%	1.1%
• Nonaccepting merchants	1.2%	9.4%	31.8%	56.5%	1.2%

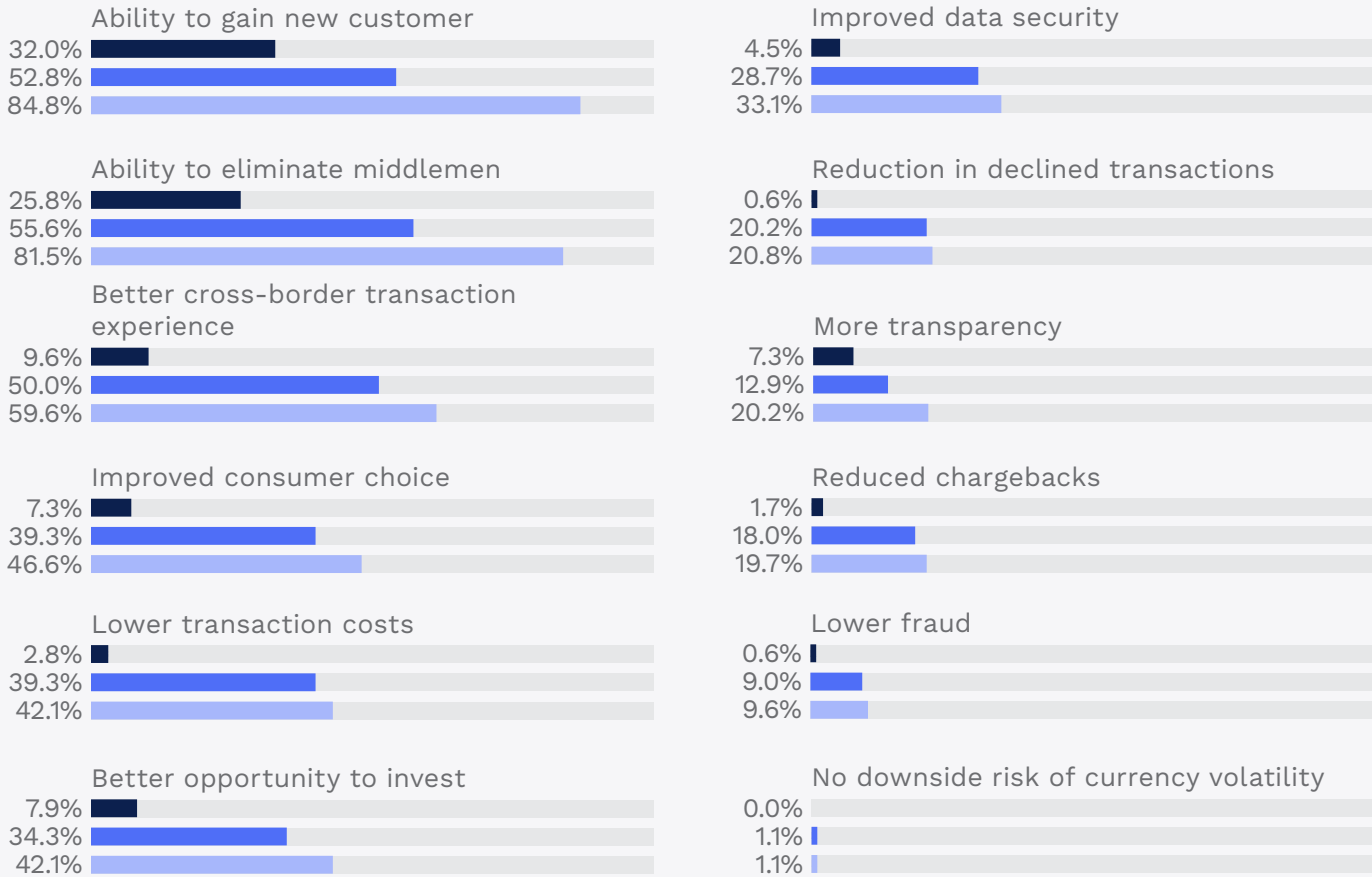
Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 178: Merchant respondents that are interested in continuing or starting to use cryptocurrencies during the next three years



Figure 2A:

Reasons for merchants' interest in accepting crypto at the checkout

Reasons merchants say they are interested in accepting or expanding their acceptance of cryptocurrency for retail sales in the next three years, by importance



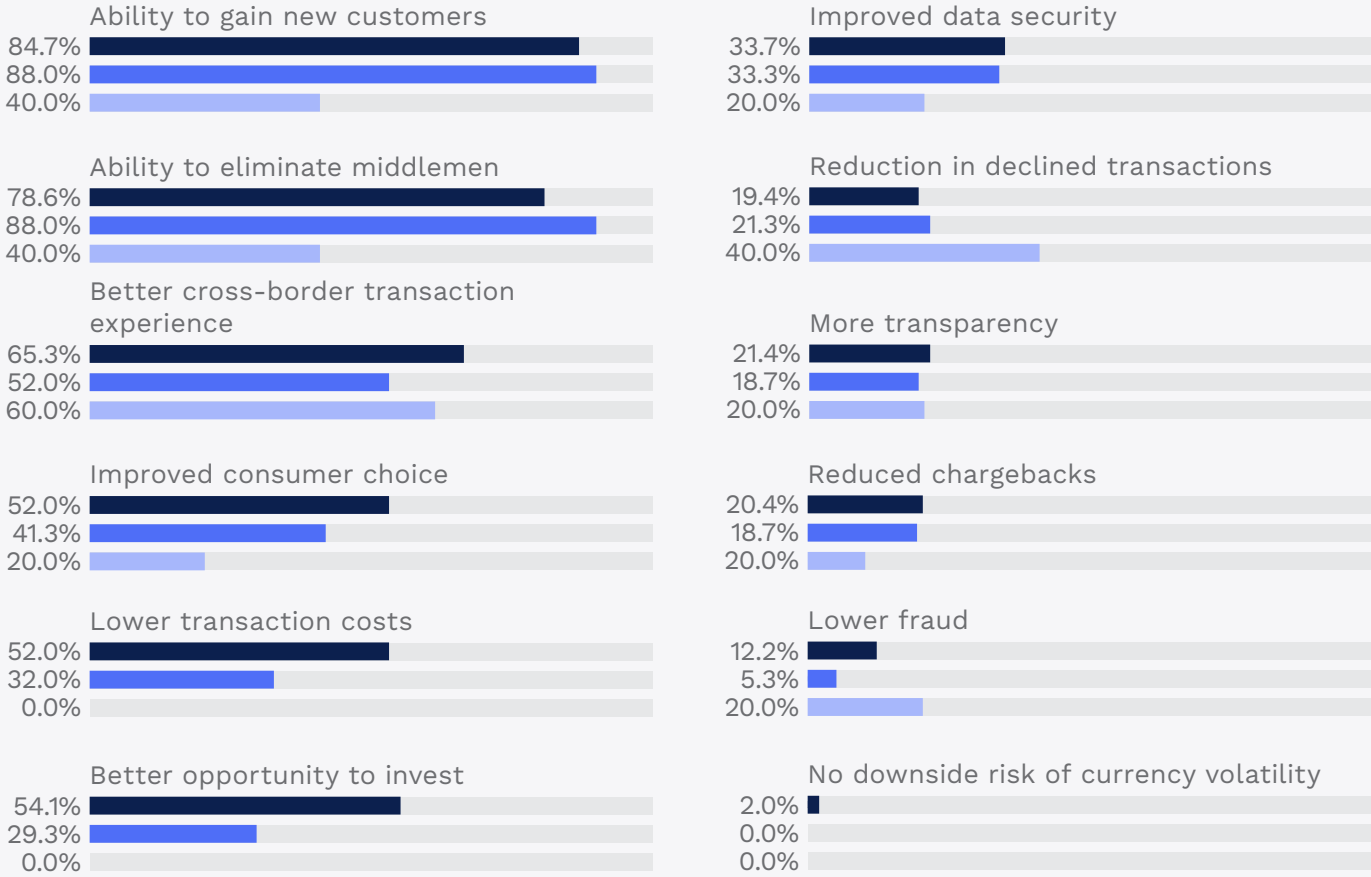
Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 178: Merchant respondents that are interested in accepting or increasing their acceptance of cryptocurrency for retail sales during the next three years

- Most important
- Important, not ranked first
- Total

Figure 2B:

Reasons for merchants' interest in accepting crypto at the checkout

Reasons merchants say they are interested in accepting or expanding their acceptance of cryptocurrency for retail sales in the next three years, by revenue



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 178: Merchant respondents that are interested in accepting or increasing their acceptance of cryptocurrency for retail sales during the next three years

- \$1 billion or more
- \$250 million to \$1 billion
- Under \$250 million

Tallying the benefits, overcoming the obstacles

Eighty-five percent of merchants say cryptocurrency's ability to help them reach more customers is an important reason for accepting it, with 32% calling it the most important reason. Eighty-two percent say crypto's elimination of the middleman in their payments processing is an important reason for accepting it, with 26% reporting this as the most important reason.

These attributes of crypto provide some evidence about crypto's appeal for many merchants. At the same time, most merchants recognize that adopting crypto as a payment method and expanding its usage will call upon them to overcome some significant obstacles.

Sixty-four percent of the merchants that already accept crypto say the volatility of its price in the financial market is a problem for them, and 24% of them say the volatility is the most important problem they face. Sixty-five percent of the merchants that do not accept crypto say volatility is an important reason in their decision not to accept it.

Some cryptocurrency providers shield merchants from price swings in crypto's investment value, and this gives cryptocurrency providers an opportunity to educate merchants about the protections they offer from market volatility.

Forty-five percent of the merchants that currently accept crypto say they have difficulty tracking payments, and 16% cite this as the most important problem.

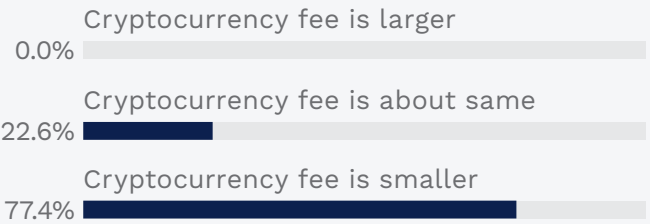
Among the merchants that do not accept crypto, 68% say the challenges with implementing the technology to accept cryptocurrency wallets at the point of sale is an important factor in their decision not to accept crypto. Just 11% of the merchants that accept crypto agree that there are problems accepting it for purchases.

In addition, just 4.3% of the merchants that accept crypto feel that its costs are higher than the expenses associated with other payment methods, but 30% of the merchants who do not accept crypto believe its costs are too high.

Figure 3A:

What accepting merchants say about crypto's costs

Share of accepting merchants citing the cost of cryptocurrency fees relative to other payment methods



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 93: Merchant respondents that accepted cryptocurrency for online or in-store sales in 2021 by paying a transaction fee, but it was not the main payment method they received for sales

68%
of the merchants who do not accept crypto say the challenges with implementing the technology for accepting payments from cryptocurrency wallets at the checkout is an important factor in their decision to not accept this payment method.

Figure 3B:

What accepting merchants say about crypto's costs

Share of accepting merchants citing select problems they experience in accepting crypto at the POS



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 93: Merchant respondents that accepted cryptocurrency for online or in-store sales in 2021 by paying a transaction fee, but it was not the main payment method they received for sales

■ Most important
■ Important, not ranked first
■ Total

Figure 3C:

What deters merchants from accepting crypto

Share of nonaccepting merchants citing select reasons for not accepting cryptocurrency at the POS



Source: PYMNTS.com | BitPay
Paying With Cryptocurrency Report
N = 109: Merchant respondents that did not accept cryptocurrency for online or in-store sales in 2020

■ Most important
■ Important, not ranked first
■ Total

Conclusion

The number of consumers who hold cryptocurrency and merchants accepting it as a payment method has steadily grown in the little more than a decade since it was introduced. Despite recent market volatility and other concerns, experience with cryptocurrency as a payment method has increased. Many merchants have learned to take advantage of its popularity and leverage its unique strengths, such as lower transaction fees and the ability to attract new customers and facilitate cross-border payments. Continued experience and education around cryptocurrency usage and acceptance as an attractive payment method can pave the way for its next stage of growth.

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Methodology

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[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](#) 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.

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