

Cryptocurrency the currency of the future? Research reveals what South Africans think

By [Tessa Nowosenetz](#), issued by [KLA](#)

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Cryptocurrency is a hot topic. Colourful conversations and passionate debates about how it works and whether or not to invest have been commonplace at dinner parties, family gatherings, in the office and online, for some time now. Those that had invested were considered risk-takers while those who had not, were too nervous to invest and worried that the 'bubble may burst'.

Today, its popularity is growing and it's becoming more mainstream, with El Salvador being the first country to recognise it as a legal tender, albeit not without hiccups and glitches in its first days of trade. The pandemic has seen renewed interest with associated growth as a result of promotion by influential public figures such as Elon Musk. With this marked crypto boom, we decided to take a closer look at the behaviour and attitudes of South Africans towards cryptocurrency, via our YouView panel of consumers.

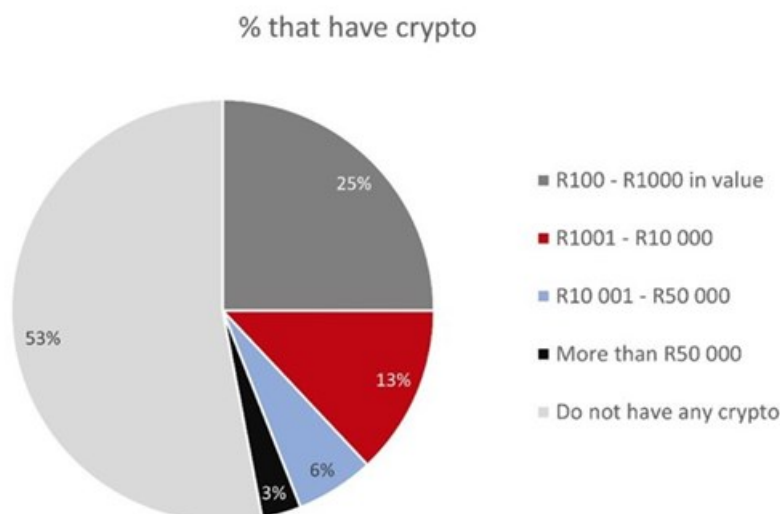
Testing the waters: Trial is high, while serious investor numbers are low

Global cryptocurrency exchange, Luno, estimates that 15% of South Africans have cryptocurrency. This marks the second-highest percentage in the world^[1]. According to our data and a recent survey completed on the topic (amongst our panel of South African adults), numbers are higher, with 25% saying that they have cryptocurrency worth between R100 and R1000^[2]. While this percentage is high, the amount invested is low. This indicates that the bulk of South African crypto investors are experimenting and dabbling, without making a significant financial commitment.

Percentages for more serious investors^[2]:

- 13% have crypto of R1,001 – R10,000 in value
- 6% have crypto of R10,001 – R50,000 in value
- 3% have crypto of more than R50,000 in value

Furthermore, 36% are keen to invest in crypto in the future^[2]. These numbers along with the 25% dabbling with a low-value crypto investments, indicate that many are 'crypto-curious' and interested in learning the ropes while engaging in trial.



Where does 'crypto curiosity' stem from?

Curiosity stems from the perception that crypto offers a quick gain for those investing - without needing deep knowledge or much understanding of the category.

The main appeal and advantage of crypto is the perception that there is an opportunity to make considerable gains on your investment in the short-term, with 43% stating this as their main reason for interest in crypto^[3].

Other reasons for being interested in crypto^[3]:

- It allows you to diversify your investments/portfolio (20%)
- It's easy and accessible - everyone can do it, you just need a smartphone, a bank account, and some money (16%)
- It's an exciting currency to invest in (8%)
- You can send it to people in other countries (4%)
- It's not regulated (4%)
- You are cool trendy, and able to talk about having it with your friends and family (3%)

However, despite being willing to invest and having an interest in making considerable gains in the short term, many actually don't seem to understand the details, workings and value of crypto with 44% citing that their main concern around the digital currency is that they do not understand some element of it or how it works^[4].

So, we see a certain 'investor' mindset arise in this space: a consumer willing to take a risk to make a quick buck, despite lacking in knowledge or an understanding of how it works.

What is holding people back?

Despite many being 'crypto curious, 17% state that they don't have any cryptocurrency and are not planning on acquiring any^[2].

When we asked what's stopping people from investing in crypto or investing more in crypto, just over a third felt that they prefer to invest (or invest more) in formal/regulated financial products or with formal/regulated financial service providers^[5].

Just under a quarter^[5] felt that they don't know or understand enough to invest or invest more in crypto, so we see that lack of knowledge makes these people pull back from the category or from investing much more than their R100–R1,000.

Other reasons that prevent people from investing or investing more^[5]:

- It's too risky - the bubble could burst at any time and you may lose too much money (11%)
- Don't trust cryptocurrency (10%)

While general interest is widespread, 'crypto enthusiasts' represent a small number – but that could grow

While numbers are small, there are those who exhibit hyper-passionate attitudes towards crypto; 13% are saying that they invest in crypto and nothing is stopping them (i.e. they have no concerns that hold them back) and 8% say that not having enough disposable income is the only thing that is holding them back from investing more in crypto^[5].

The South African market offers opportunity in the category

From the data, we certainly see that there are high levels of interest amongst South Africans in the category in general. And if people start to feel more educated and banks and regulators climb on board (as they are looking to do in other

markets), South Africans may be even more convinced, and interest and confidence may continue to grow. For more information, visit www.kla.co.za.

[1] <https://www.itweb.co.za/content/Olx4zMknkeg756km>

[2] KLA Panel. No quotas applied. 13 August 2021. n=3202

[3] KLA Panel. No quotas applied. 25 August 2021. n=3771

[4] KLA Panel. No quotas applied. 16 August 2021. n=3755

[5] KLA Panel. No quotas applied. 19 August 2021. n=1764

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