



How retail investors are making digital assets part of their lives

July 2024



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Background and methodology

Survey methodology

To better understand how retail investors think about digital assets, including sentiment, allocations, future expectations, tokenization and payments, EY-Parthenon conducted a survey. This survey built upon a previous retail-focused survey conducted in 2022.

Conducted in March 2024

N=1,034

- ▶ N=499 females
- ▶ N=526 males
- ▶ N=9 prefer not to identify

Profiles:

- ▶ Accredited investors¹ n=570
- ▶ Non-accredited investors n=464
- ▶ Mix of investors who have/are currently invested in digital assets (e.g., crypto, stablecoins) and digital asset products (e.g., funds, trusts, derivatives) and those who have never invested.

Global representation

- ▶ N=490 from US
- ▶ N=228 from Europe
- ▶ N=128 from Asia
- ▶ N=185 from Canada
- ▶ N=3 from Rest of World

¹Survey respondents self-reported “accredited investor” status with this being defined as >\$1m in assets or >\$200k in income for each of the past three years.

Note: Please note that charts on the following slides may not total 100% due to rounding.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.



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Retail investors increasingly see digital assets as a meaningful component of their financial life; use cases beyond buy and hold are emerging

Key takeaways

1	Increased allocations to digital assets	64% of investors are already investing in digital assets or digital assets-related products; 69% expect to increase holdings in two to three years.
2	Role of digital assets in wealth creation	72% of current investors consider crypto as a key component of their wealth strategy.
3	Use cases expand to "active" realms	46% increase in "active" uses of crypto (e.g., trading, payments, staking, DeFi) and 36% decrease in "passive" uses (e.g., long-term investment, experimentation).
4	Preference for registered vehicles	67% of accredited investors prefer to get exposure to crypto through registered vehicles vs. 39% of non-accredited investors.
5	Payments use cases emerging	50% of investors have used crypto/stablecoins for payments in the last 12 months.
6	Growing demand for alts and tokenized assets	49% of accredited investors wish they had better access to alternatives; 63% are interested in investing in tokenized assets.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.



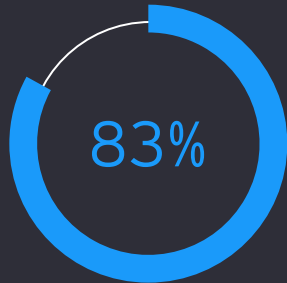
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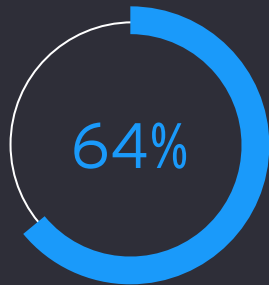
Investors overwhelmingly believe in the long-term value of digital assets and increasingly see it as a key component of their broader wealth strategy

Digital asset retail investors are ...

1 Long-term believers in the market



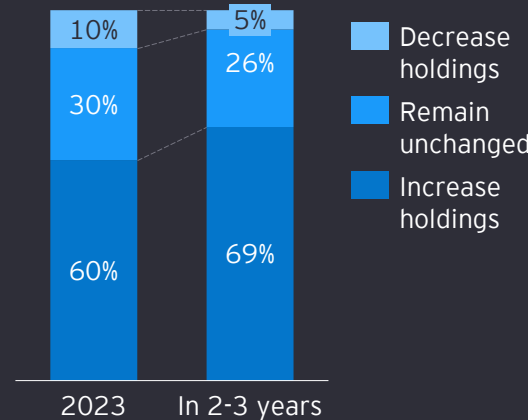
of investors believe in the long-term value of blockchain technology and/or crypto/digital assets



have invested in digital assets or digital asset related products to date

2 Increasing their allocations

Allocation to crypto/crypto products is expected to tangibly increase in the next 2-3 years; 69% of investors expect to increase allocations



4 Growing demands for wealth services

72% of investors consider crypto as a key component of their broader wealth strategy

71% of investors have sought or plan to seek out advice from a financial advisor or planner regarding crypto holdings

3 Prefer engaging with traditional finance (TradFi)

82% are more likely to engage with a bank/wealth manager/TradFi company over a digital native for crypto services if offerings were comparable

57% prefer to get exposure to crypto through a registered vehicle¹

5 Broad usage of crypto or stablecoins for payments

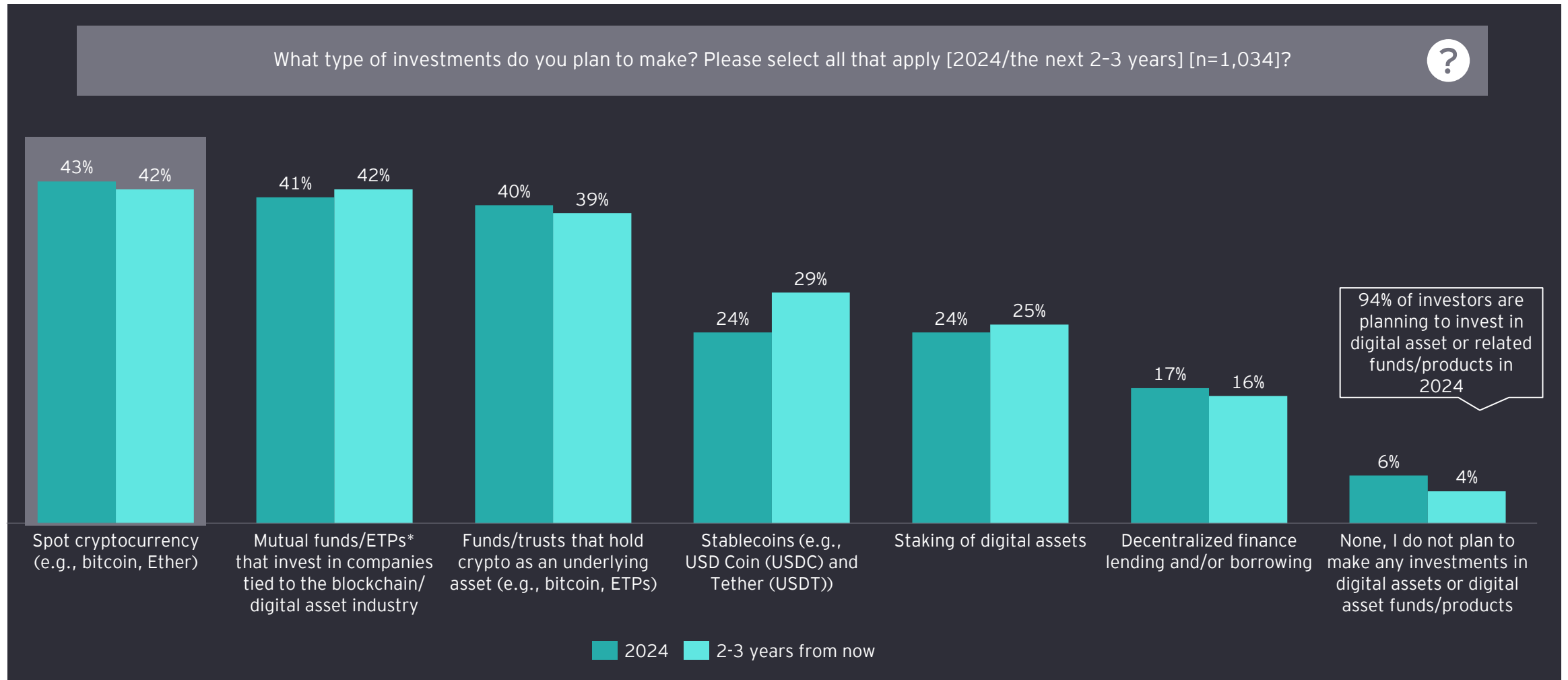
~50% of investors have used crypto or stablecoins for payments in the last 12 months

57% of investors are most interested in using crypto/stablecoins to buy goods online; 49% are most interested in peer-to-peer (P2P) payments

¹ For example: funds, exchange-traded products (ETPs), trusts.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

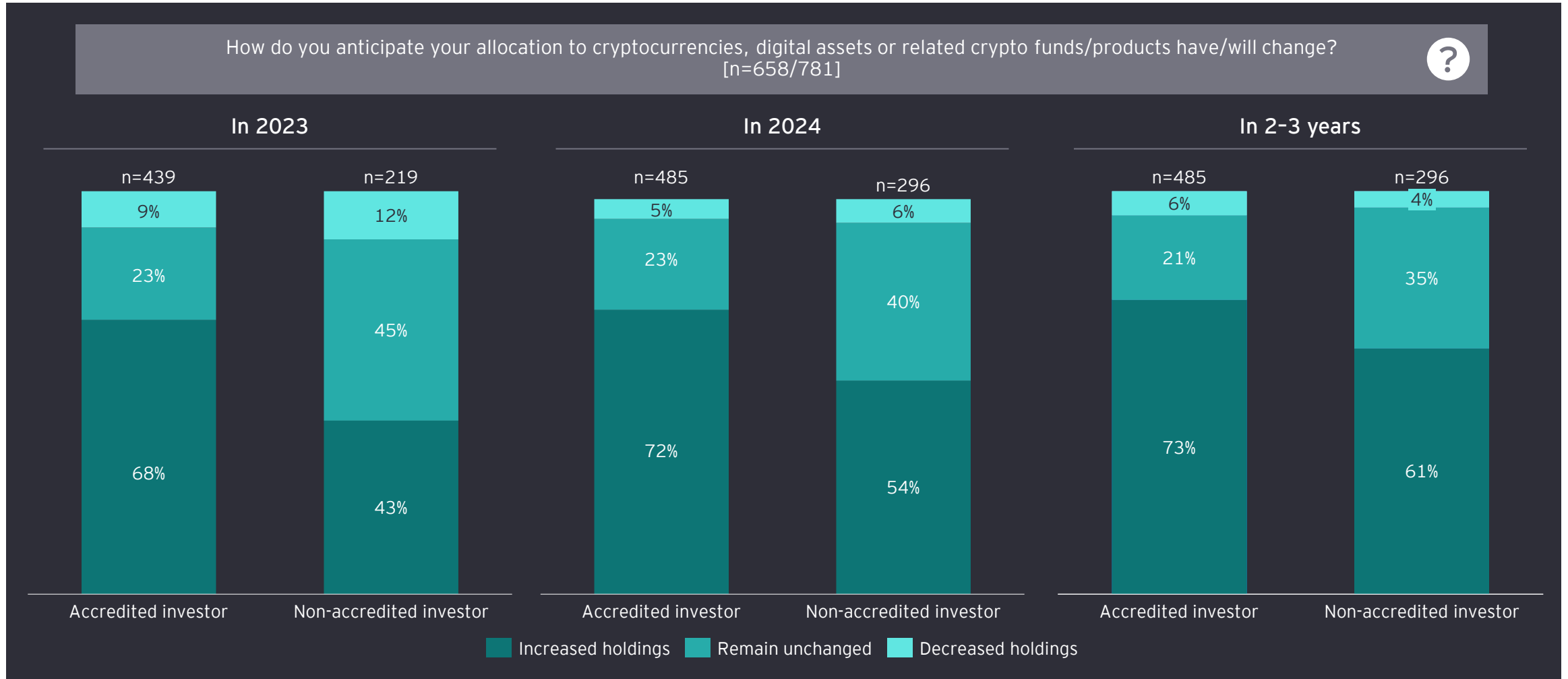
Investors largely plan to increase their investments in digital assets funds over the next two to three years; 43% have plans to invest in spot crypto in 2024



* Exchange-traded product (ETPs).

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

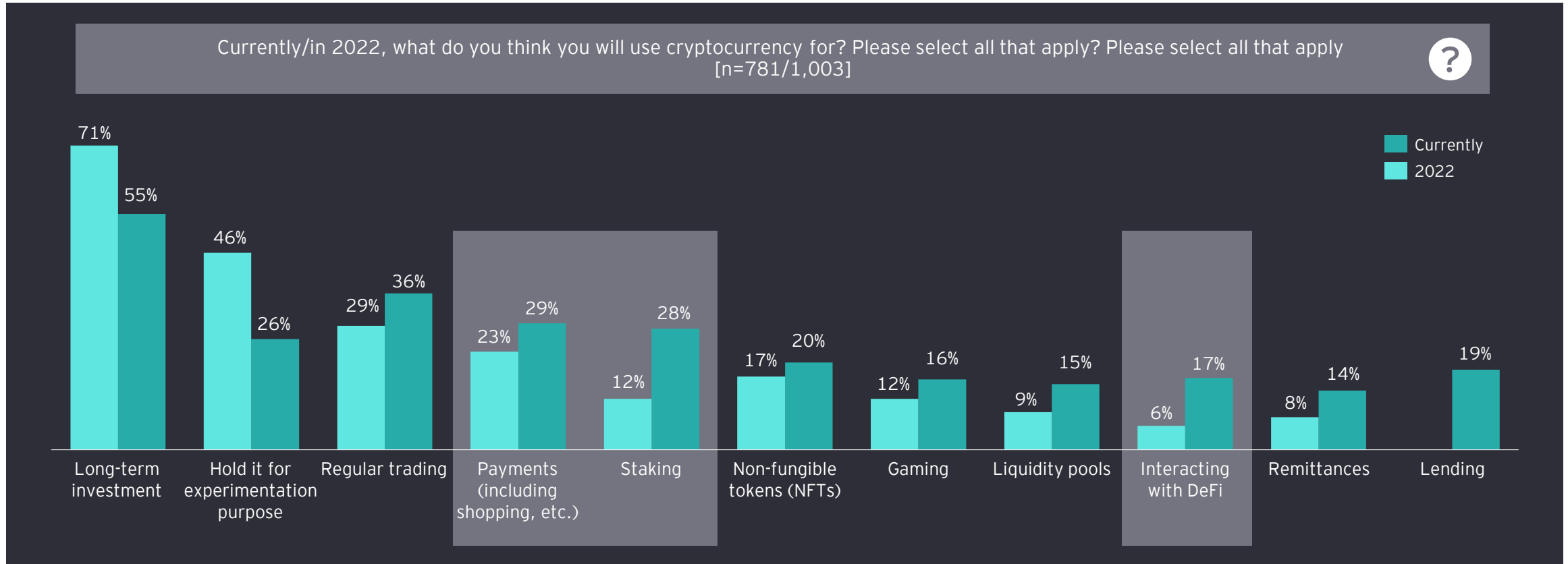
Allocation to digital assets is expected to increase over the next year and even more over the next two to three years, particularly among accredited investors



*Includes current investors and those who indicated future investment in crypto.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

Between 2022 and 2024 surveys, investors suggest increasing active usage of crypto, including 17% increase in DeFi¹, 16% in staking, and 6% increase in payments



Commentary

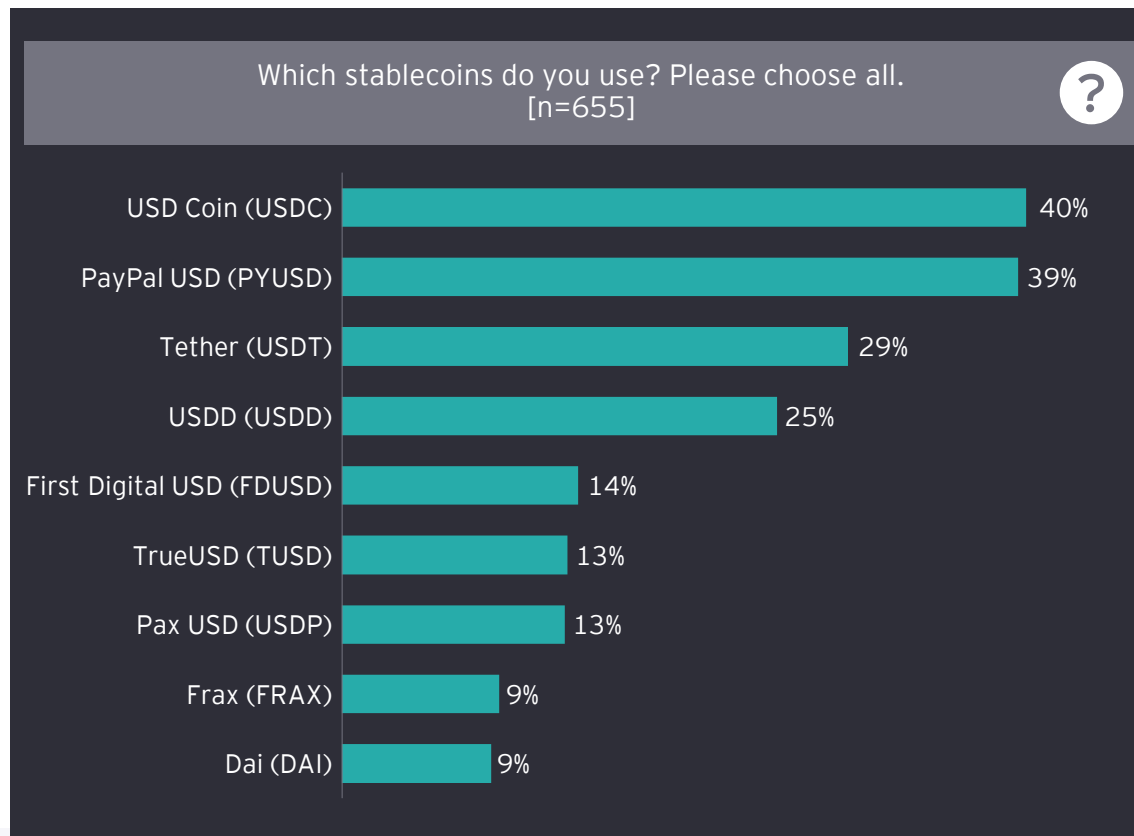
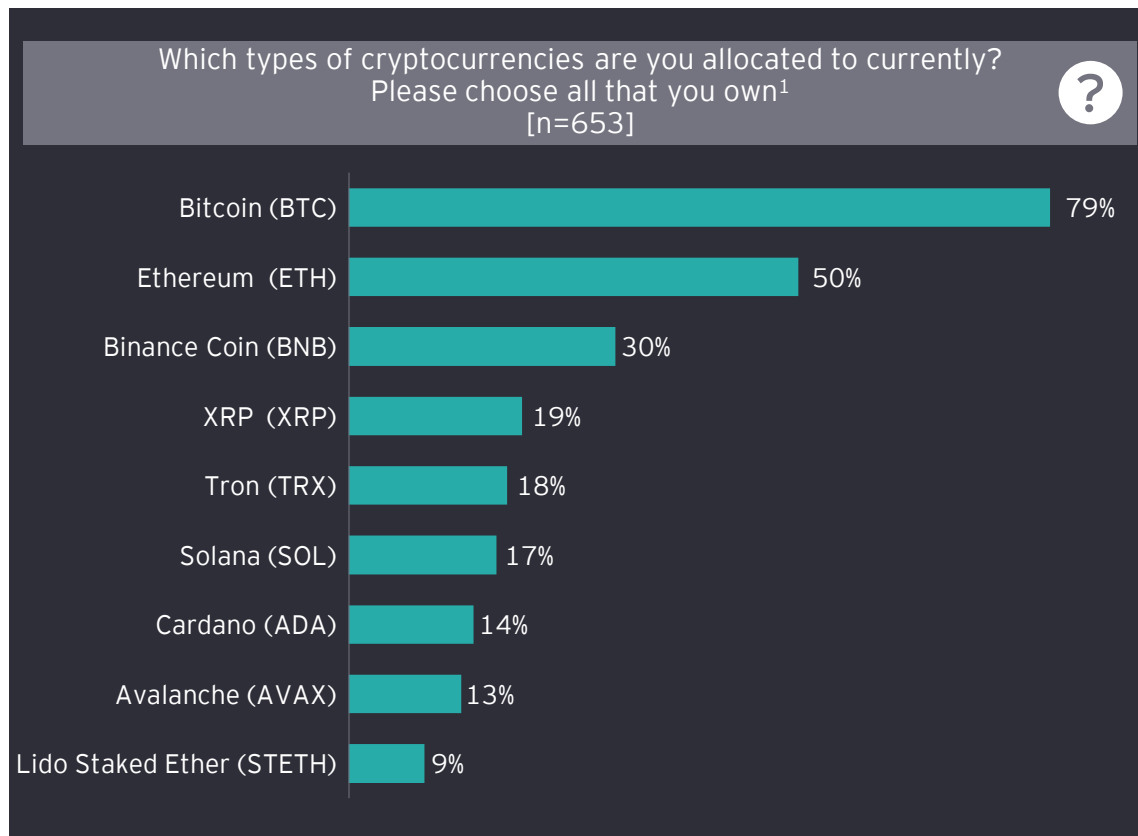
- ▶ There is a notable increase in “active” use cases, including trading, payments, staking, liquidity pools, DeFi, remittances and lending.
- ▶ Notable declines in usage of crypto for long-term investments and experimentation between 2022 and 2024 (16% and 20%, respectively).

¹ This includes responses to both “Interacting with Decentralized finance (DeFi)” and “Liquidity Pools”

Note: Lending was not an option in the 2022 survey

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com; EY-Parthenon Retail Digital Assets Investor Survey June 2022 (n=1003), ey.com.

Retail investors that invest in spot crypto typically own bitcoin and Ether and use USD Coin (USDC) stablecoins



Commentary

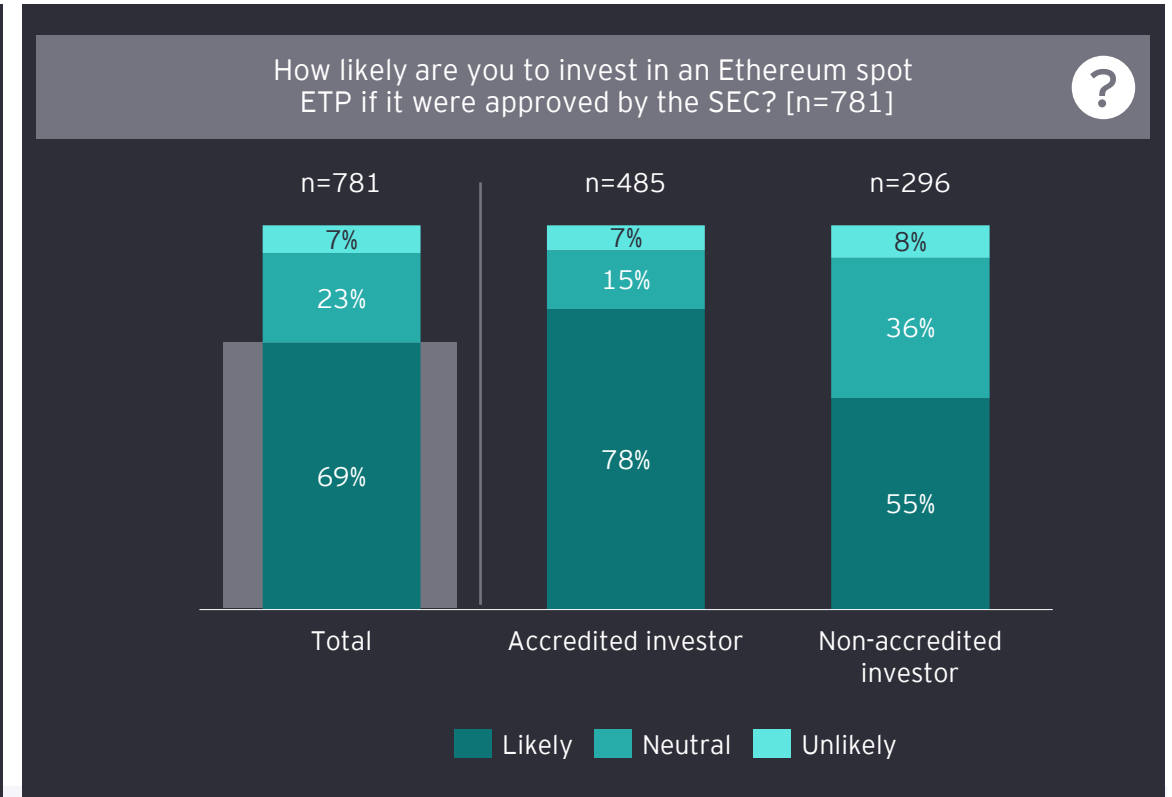
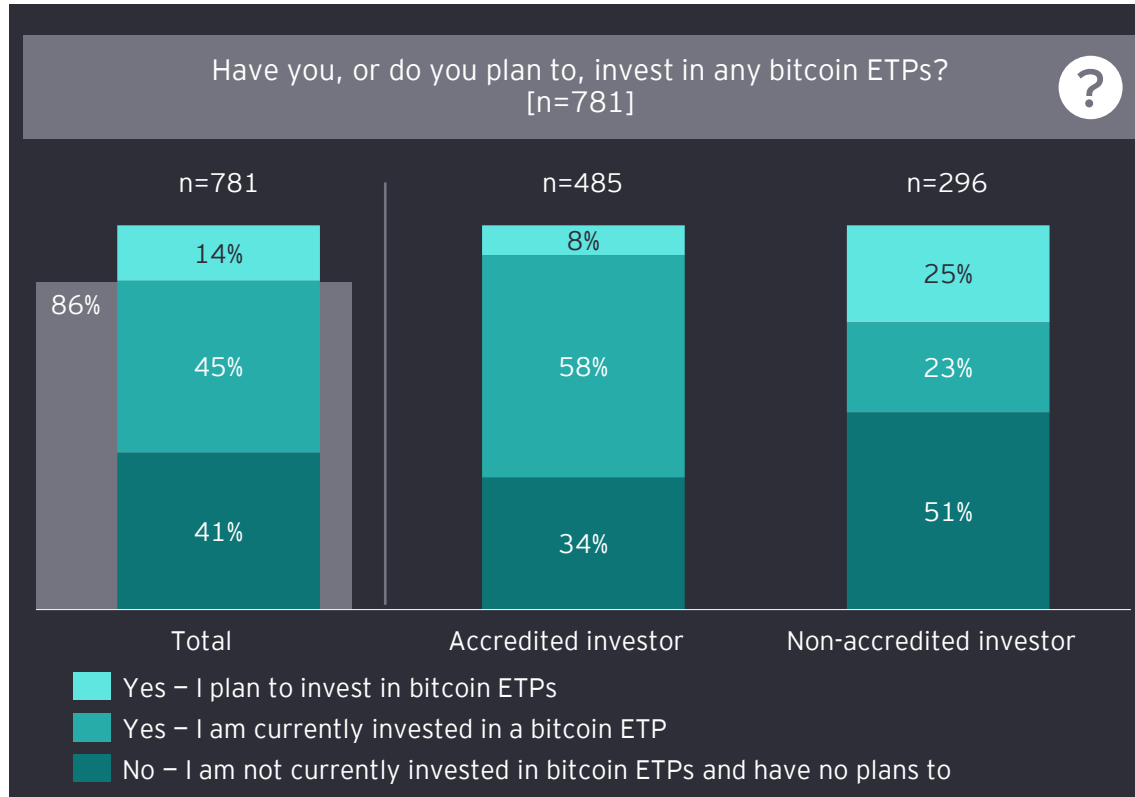
- ▶ Of the investors surveyed invested in spot crypto, 66% have allocated to tokens other than bitcoin and Ether.
- ▶ 74% of accredited investors are allocated to tokens beyond bitcoin and Ether, while only 49% of non-accredited investors are.

¹ Excludes "None" responses

Note: Some examples in the Other category include HBAR, Concordium, Decentraland, SHIB, Tezos, Aave, Compound, APT, Cake, Optimism and Ato.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

86% of current digital asset investors are invested or plan to invest in a bitcoin ETP; 69% of investors are likely to invest in an Ether spot ETP if approved



Commentary

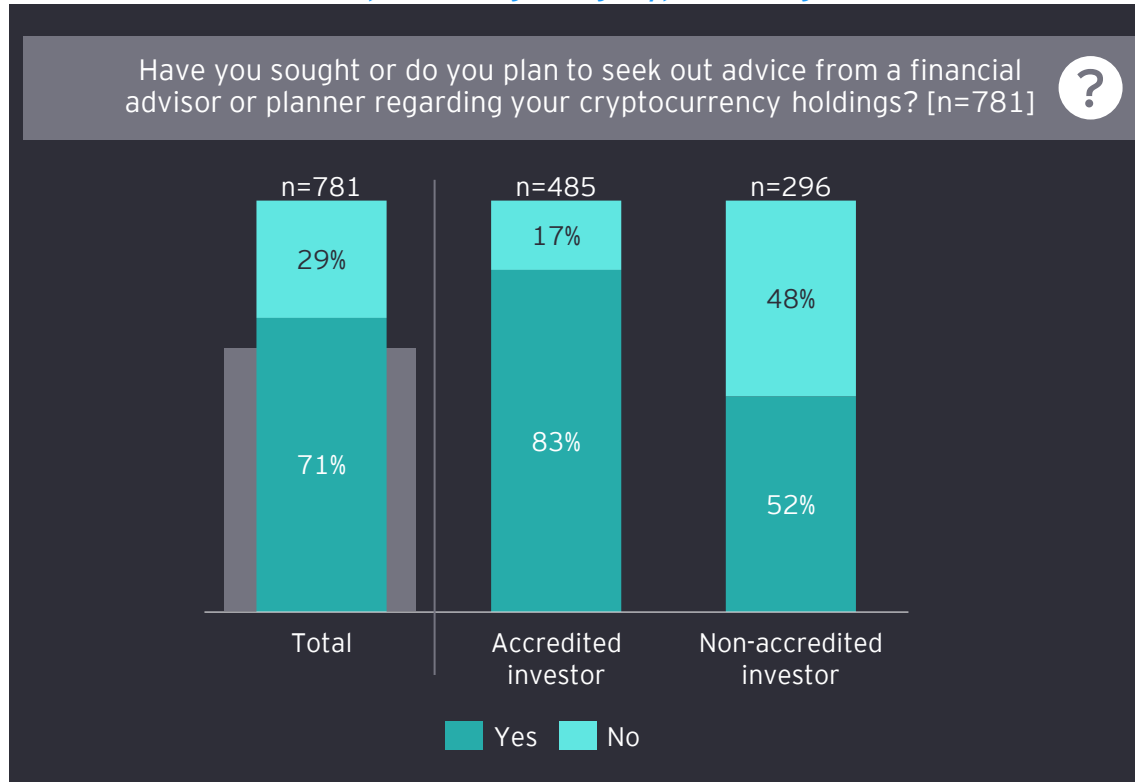
- ▶ 57% of investors prefer to get exposure to crypto through a registered vehicle where crypto is the underlying asset; accredited investors have a higher preference with 67% vs. 39% of non-accredited investors.
- ▶ Top drivers for preference of exposure through a registered vehicle include belief that funds offer more consumer/regulatory protection (58%), ability to view/manage the assets in the same portfolio as other investments (54%) and they trust the asset managers that issue the funds (44%).

Note: Both questions were asked only of those who are currently invested in digital assets, not the 253 respondents not currently invested.

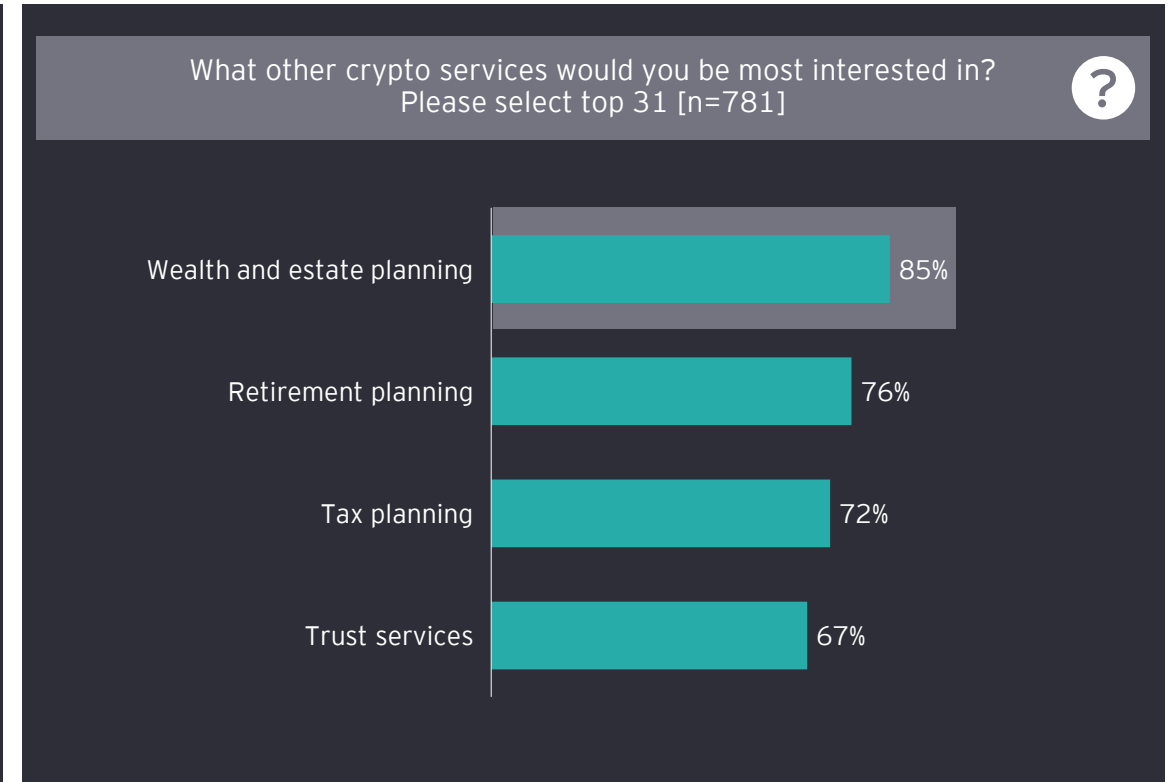
Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

71% of investors have or plan to seek advice from a financial advisor on crypto; 85% of investors are interested in wealth and estate planning incorporating crypto

Preference of seeking advice from financial advisor or planner regarding crypto holdings



Interest in other services incorporating crypto



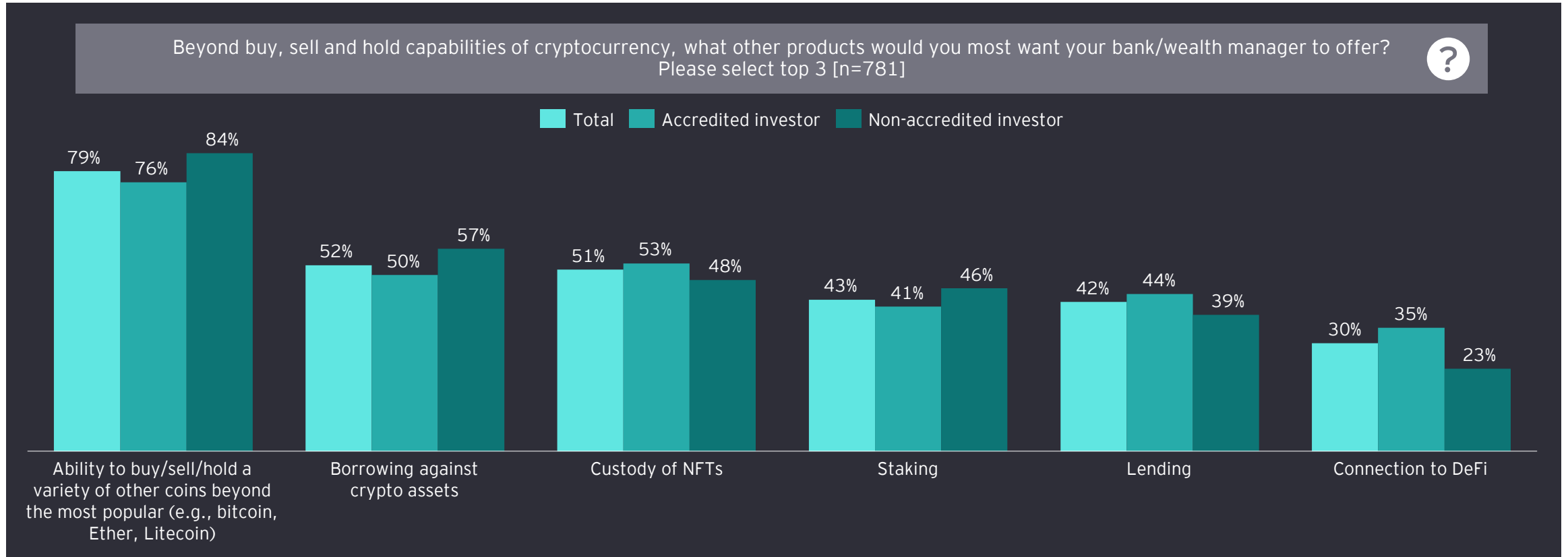
Commentary

- ▶ 75% of investors would be interested in borrowing against their own crypto balance.
- ▶ 71% have or plan to seek advice on cryptocurrency holdings vs. only 43% of investors in 2022.
- ▶ Investors aged 18-35 were 82% likely to have sought or plan to seek advice from an advisor vs. 66% of those above 35.

Note: Both questions were asked only of those who are currently invested in digital assets, not the 253 respondents not currently invested.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

Investors want capabilities, including connectivity to trade coins beyond top coins, borrowing against crypto assets and custody of NFTs



Commentary

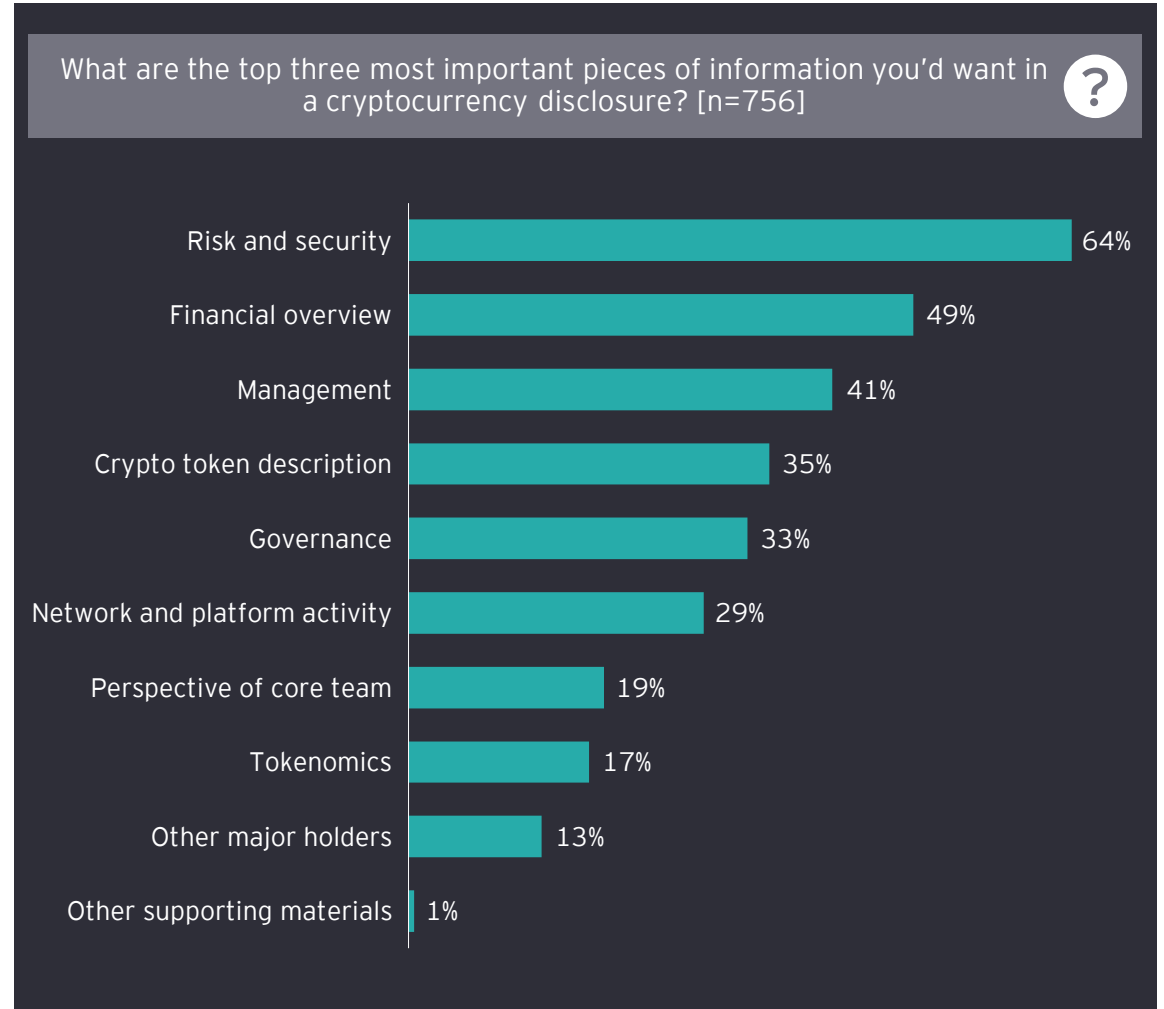
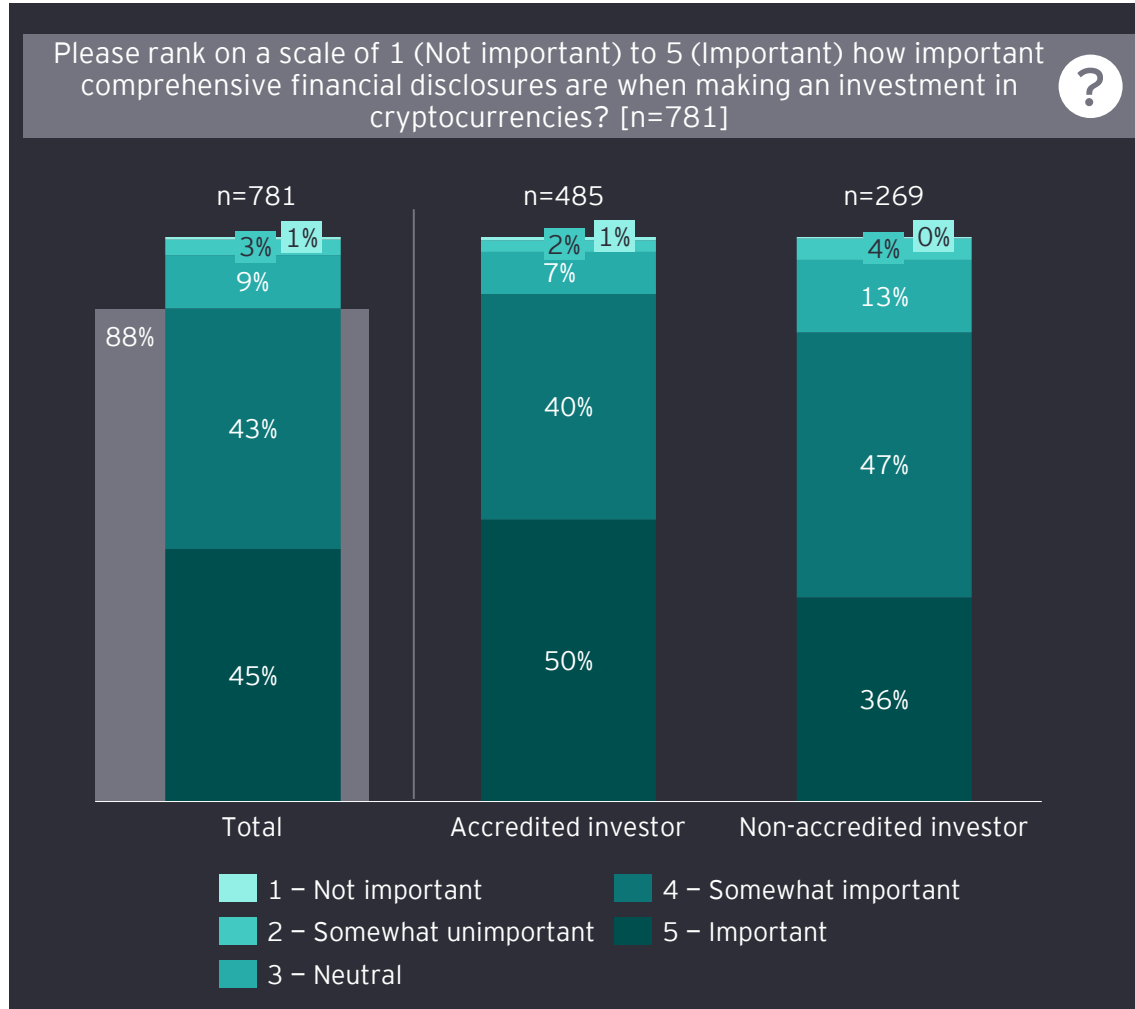
- ▶ Investors wanting buy, sell and hold beyond most popular coins have increased to 79% from 68% in 2022.
- ▶ Investors wanting to be able to borrow against holdings have increased to 52% from 32% in 2022; and those wanting staking have increased to 43% from 25% in 2022.

Note: Excludes "Other" responses

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

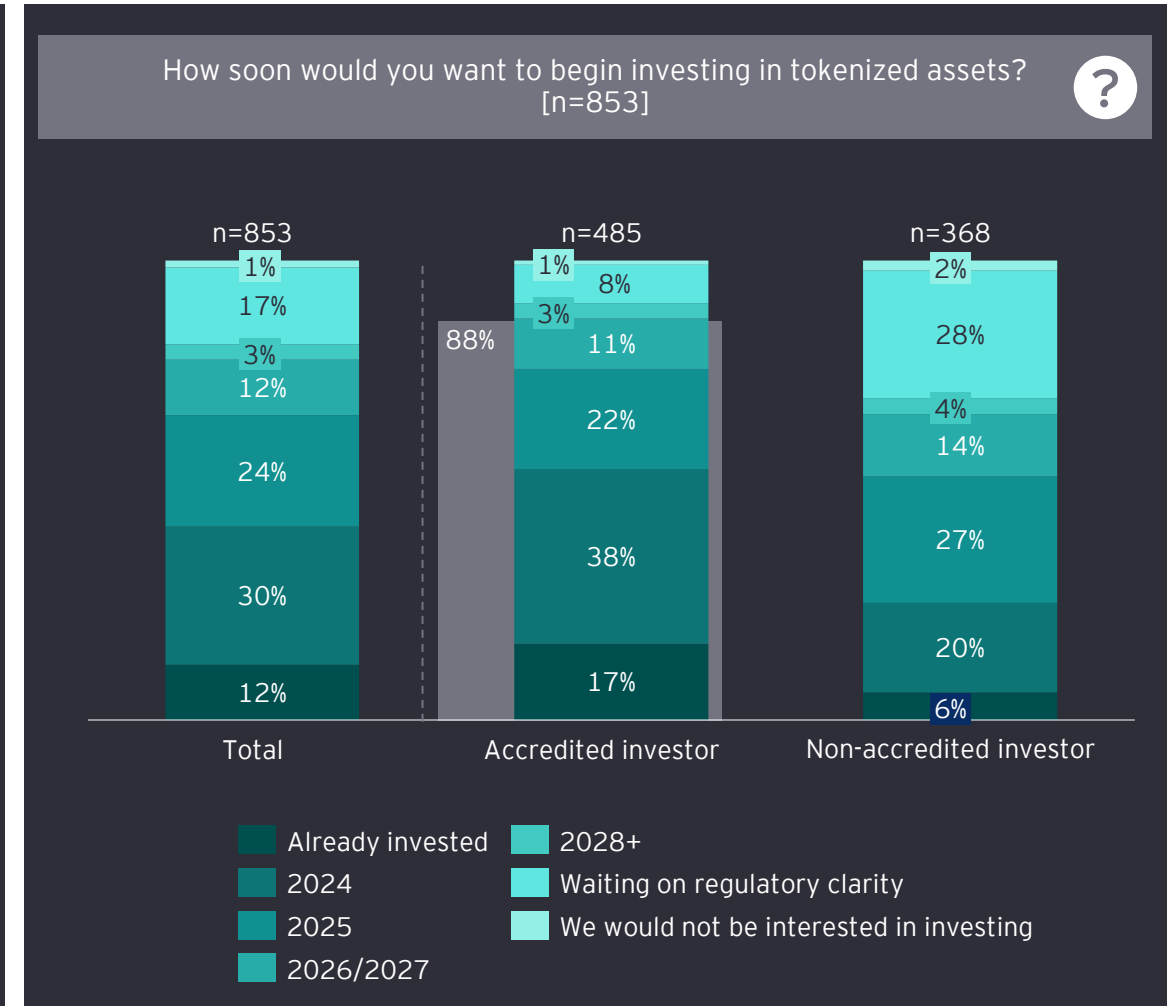
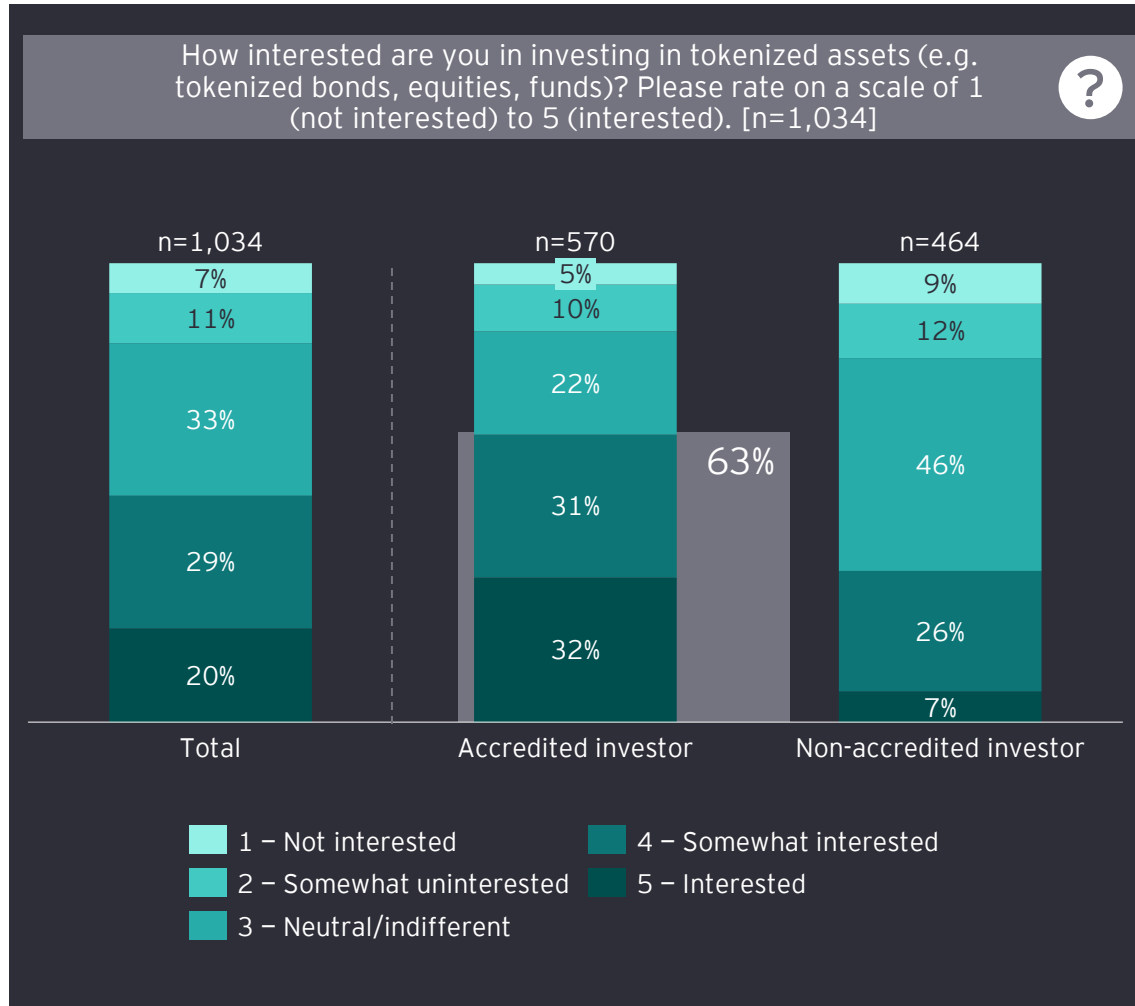
Over 88% of investors consider comprehensive financial disclosures as important/somewhat important when making crypto investments

Importance of comprehensive financial disclosures when making crypto investments



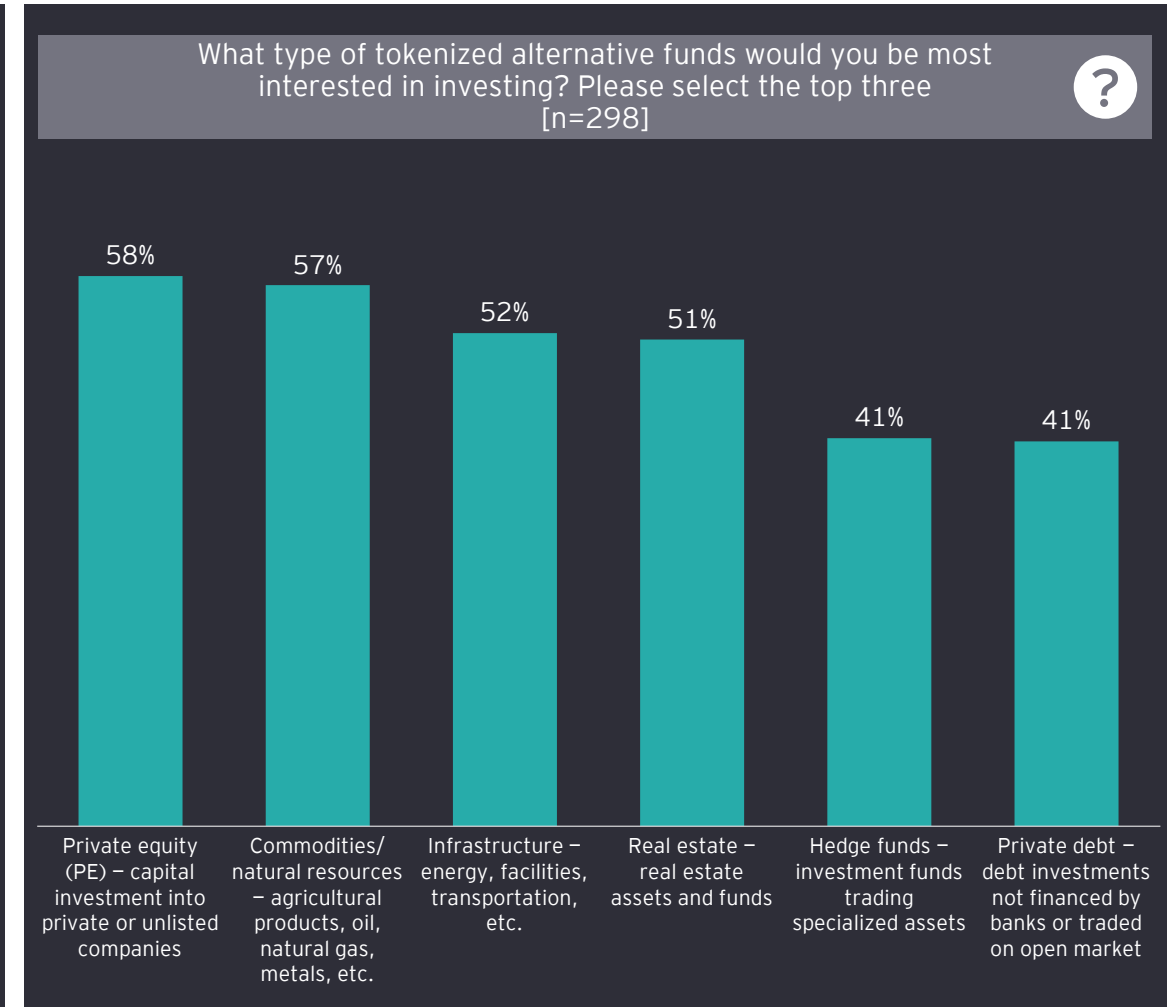
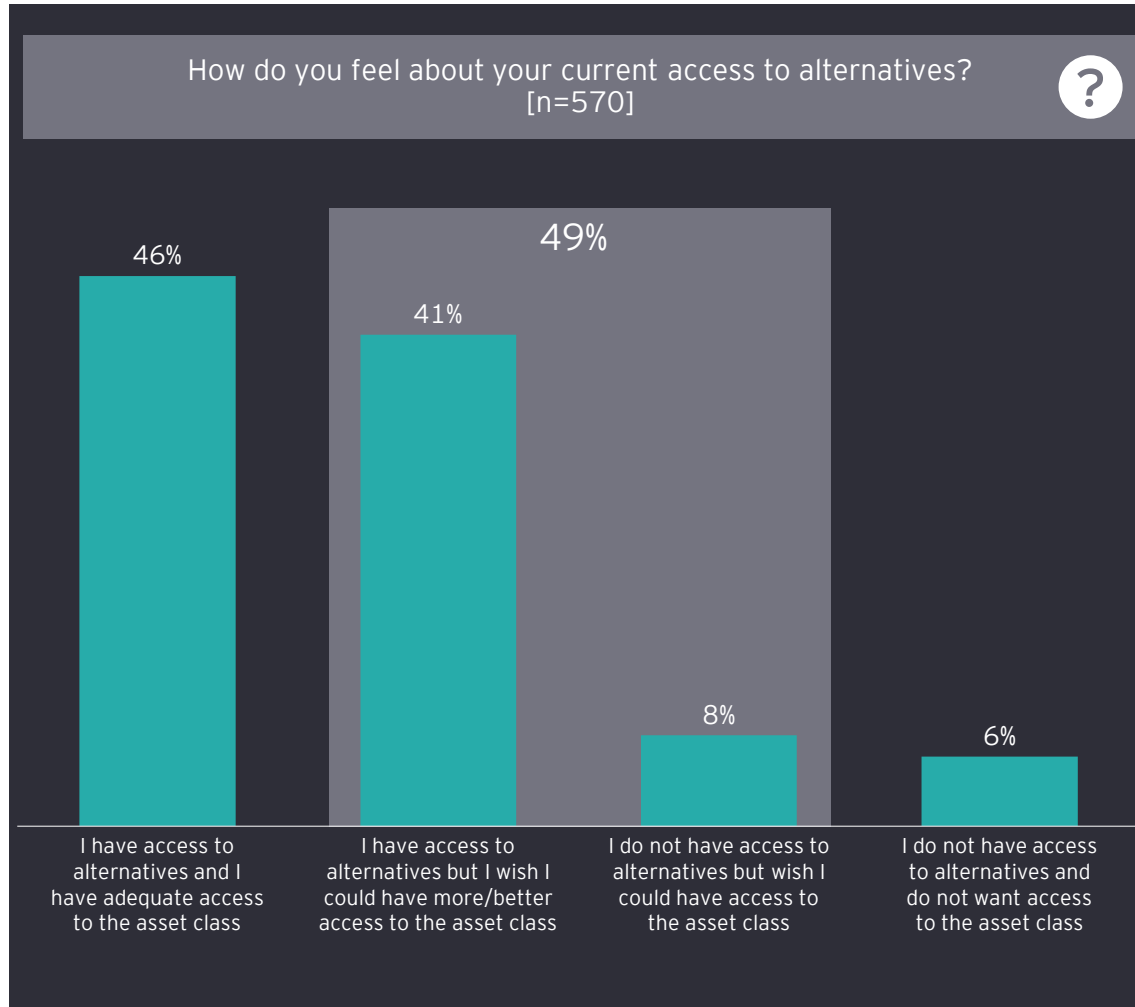
Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

63% of accredited investors are interested in investing in tokenized assets vs. 33% of non-accredited investors; 88% plan to have invested by 2027



Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

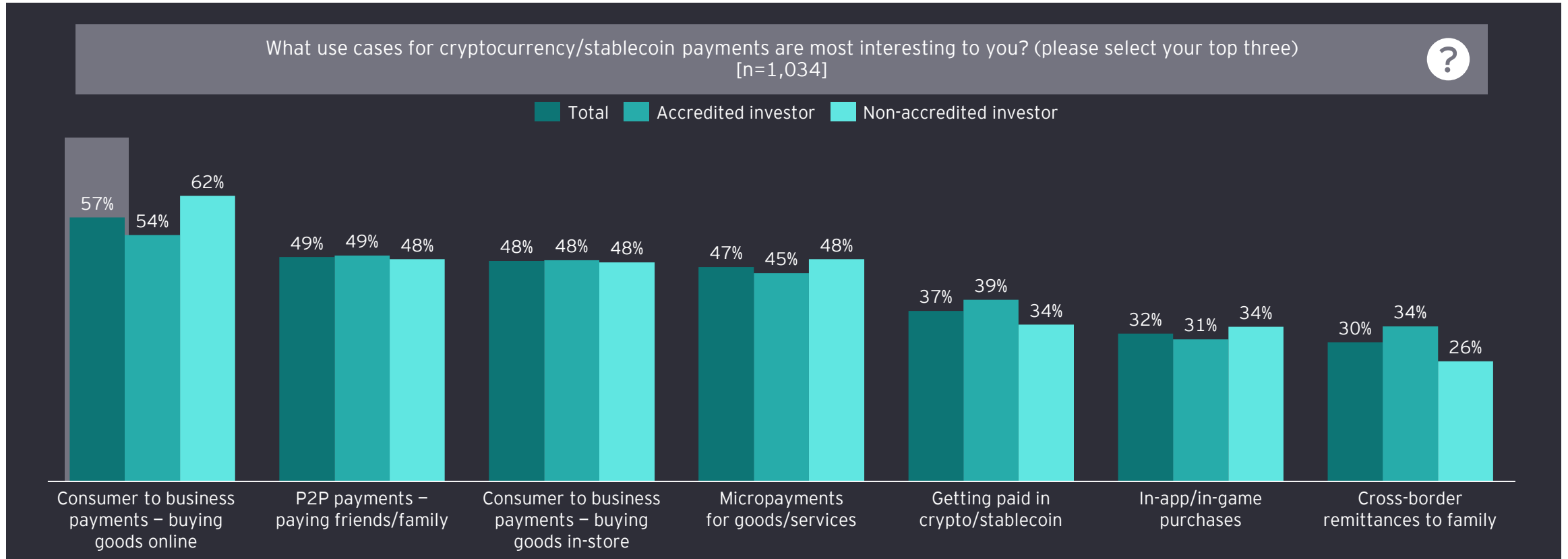
49% of accredited investors wish they had/had better access to alternatives; they are primarily interested in tokenized PE and commodities



Note: Questions were only asked of accredited investors

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

57% of consumers are most interested in using crypto/stablecoins as payments when buying goods online

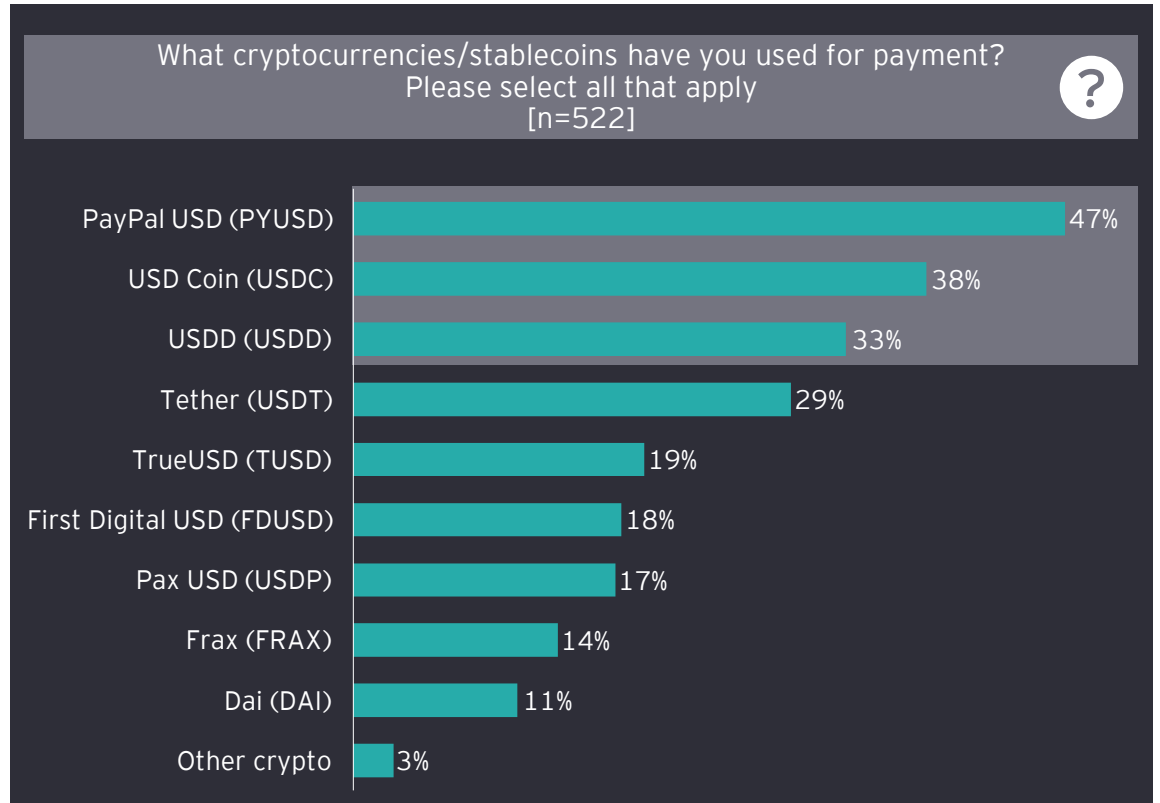
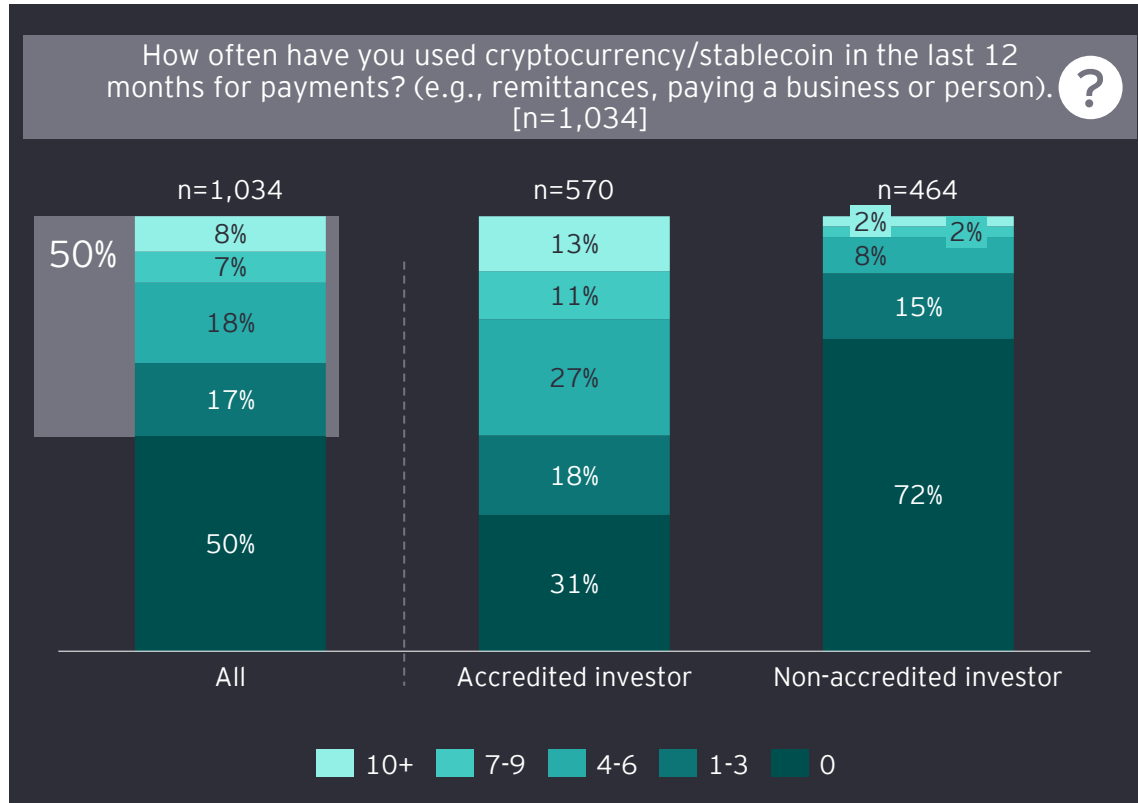


Commentary

- ▶ US investors are 10% more interested in using crypto/stablecoins to buy goods in stores than other geographies. They are also 13% more interested in micropayments use cases compared to other geographies.
- ▶ There is more interest for using crypto/stablecoins to buy goods online for non-accredited investors compared to accredited investors and more interest for accredited investors to utilize crypto/stablecoins to send cross-border remittances compared to non-accredited investors.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

50% of investors have used crypto for payments in the last 12 months; PayPal (PYUSD) and USD Coin (USDC) are the most popular form of stablecoins used for payments

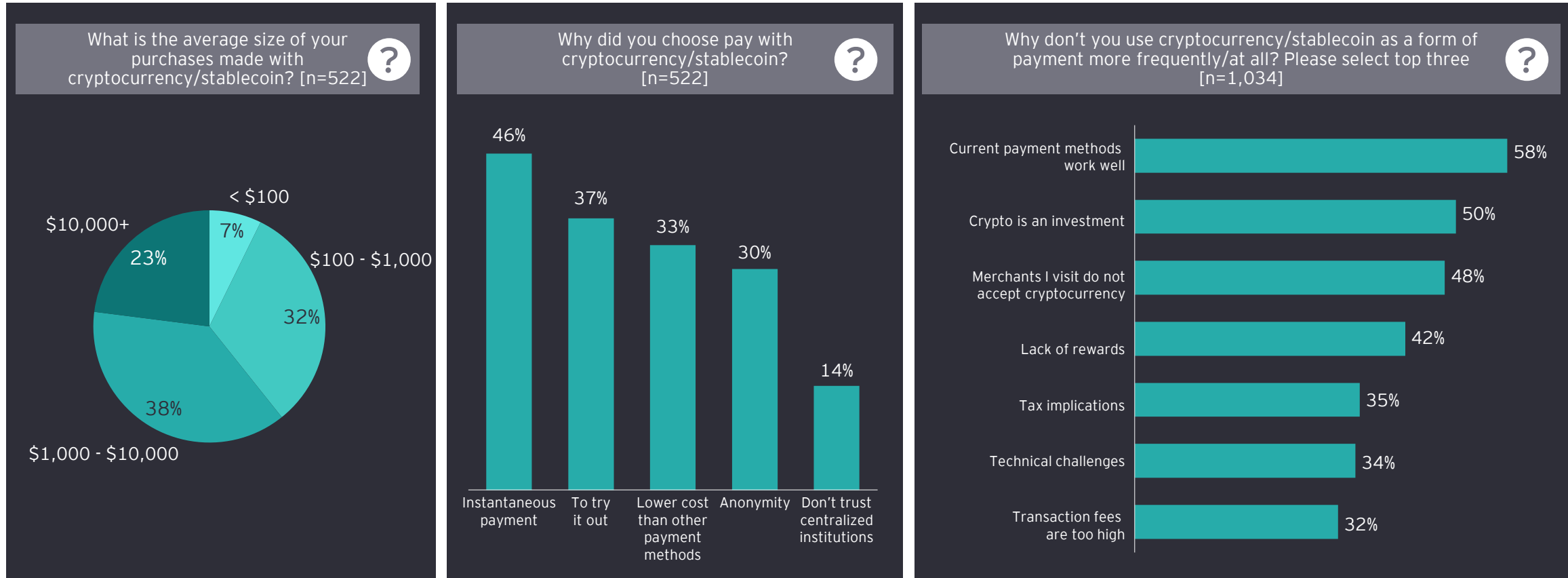


Commentary

- ▶ Non-accredited investors are 7% more likely to use PYUSD than accredited, while accredited investors are 12% and 7% more likely to use Tether (USDT) and USD Coin (USDC), respectively.
- ▶ Investors in the US are 20% less likely to have used cryptocurrency/stablecoins as payment in the last 12 months.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

The average size of purchases made with crypto/stablecoins falls between US\$1,000 - US\$10,000; users like the instantaneous option to pay

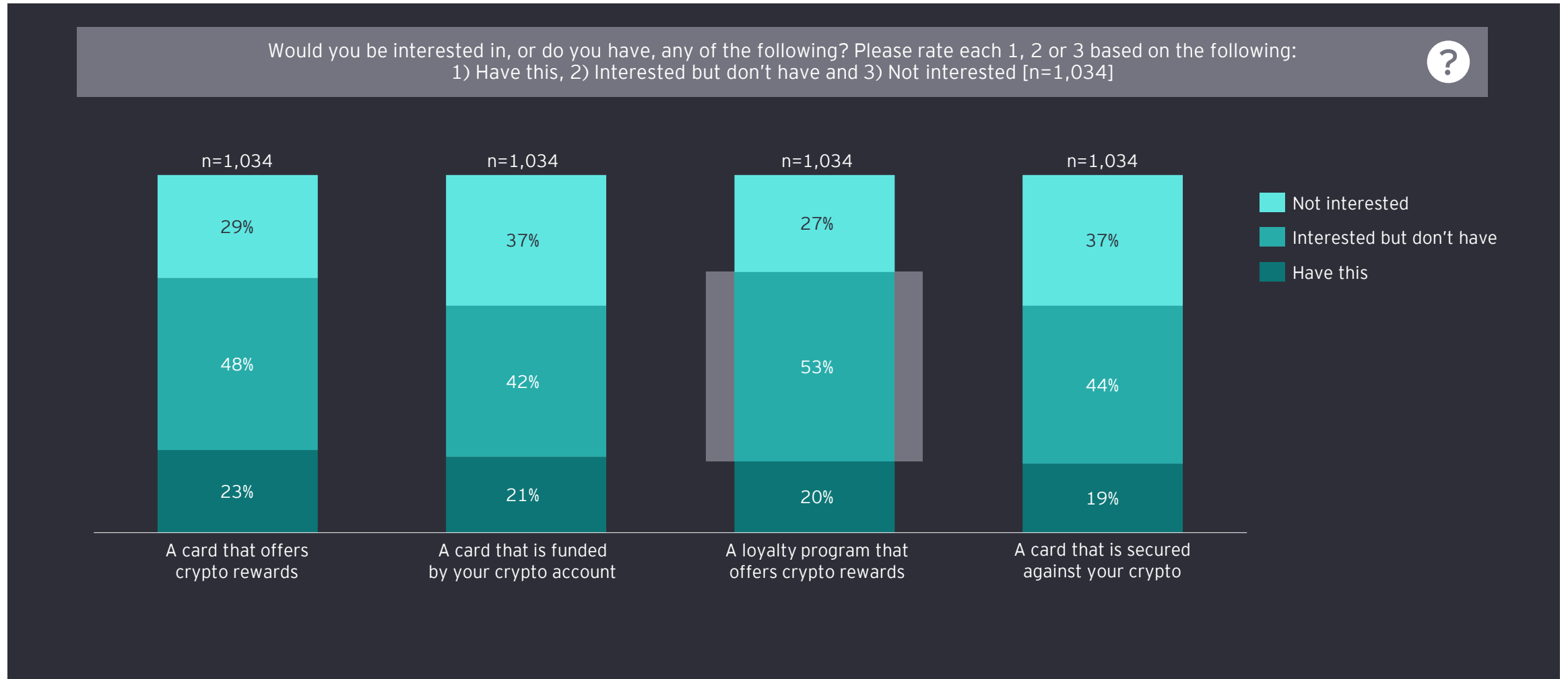


Commentary

- ▶ 70% of crypto purchases are between \$100 and \$10,000 with most people choosing to use crypto due to it being instantaneous.
- ▶ Non-accredited investors are 9% more likely to not use crypto for payments because they believe current payment methods work well.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

53% of investors are interested in a loyalty program that offers crypto rewards



Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.



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Considerations for financial institutions and merchants

Wealth managers and retail banks

- ▶ For firms considering enabling access to digital assets to their investors, develop a strategy and assess the risks of providing access to digital assets.
- ▶ Educate advisors and bankers on the opportunities, advantages and the types/ways to provide exposure to digital assets, as well as the risks associated with them so they can better educate their end clients.
- ▶ Firms should also assess what sort of ancillary offerings may be offered that include cryptocurrencies, such as tax advising, estate planning, financial planning, etc.
- ▶ When considering onboarding bitcoin ETPs or other crypto funds to the firm's platform, conduct robust due diligence into the underlying crypto assets, the vendors utilized by the fund manager, liquidity of the underlying assets and operational procedures employed (e.g., the process around "custodying" the underlying assets). Due diligence should expand beyond traditional approaches based on the increased risks associated with digital assets.
- ▶ Assess the landscape of custody and wallet offerings when enabling access to spot crypto. Document and update risk policies and procedures and develop safeguards to support the oversight of transactions.

Merchants

- ▶ For merchants considering accepting crypto or stablecoins as a form of payments, determine the demand from the customer base, develop a business case and assess the potential uplift in sales and/or new customers addressed.
- ▶ Identify which digital assets the merchant is willing to accept and whether to convert all digital assets to fiat or keep a wallet with a balance of crypto/ stablecoin.
- ▶ Identify partners to support with enabling accepting payments in crypto/stablecoin. Conduct due diligence on the partners to assess how they accept the payments, anti-money laundering (AML) and know your customer (KYC) and risk policies, how they convert the crypto, etc. Identify a digital asset custodian to partner with if keeping a balance in crypto/stablecoin.
- ▶ Evaluate risk and legal considerations in coordination with relevant stakeholders. Understand any impacts on treasury management, taxes, accounting and related processes.
- ▶ Consider a customer loyalty strategy to grow into new customer segments and attract new spend via crypto/stablecoin.

Crypto natives and FinTechs

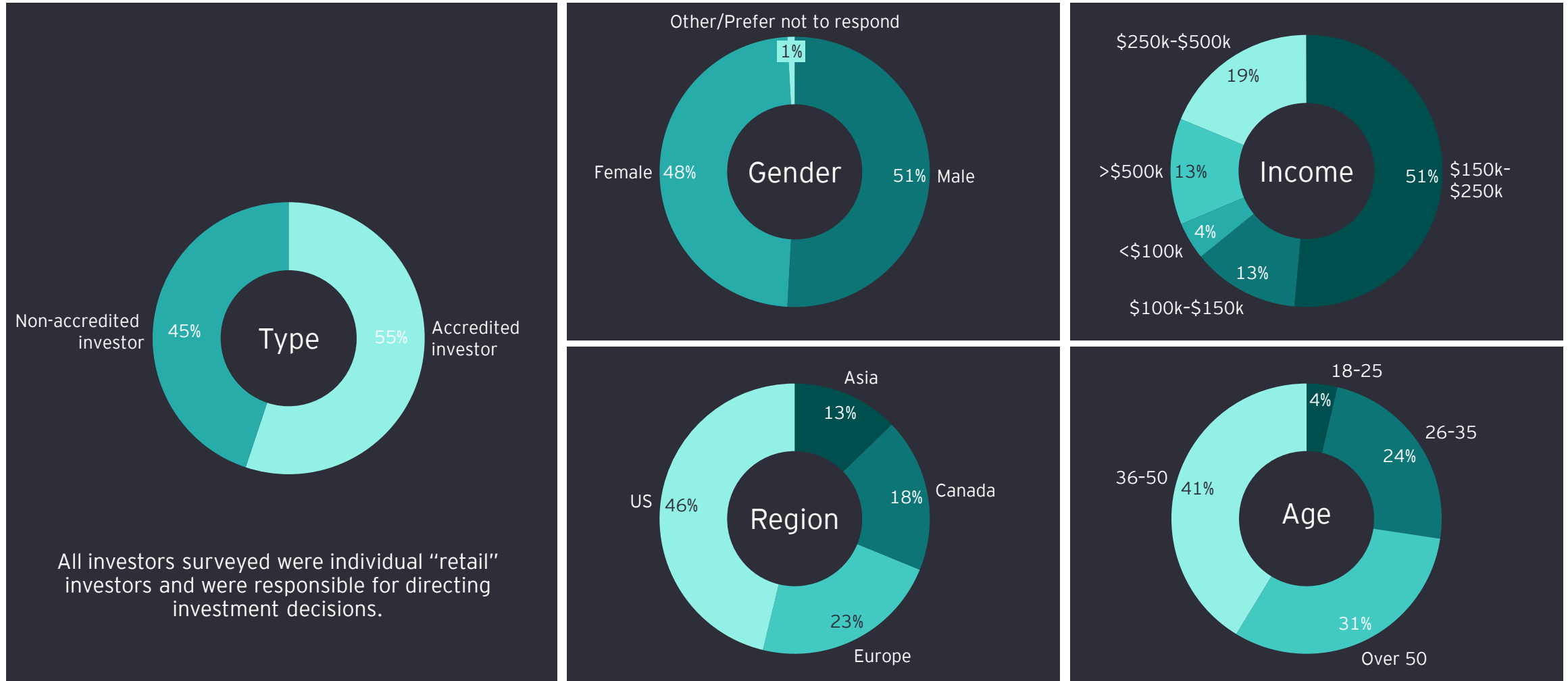
- ▶ Firms should develop their strategy to address growing investor demand in digital assets by evaluating how they can grow a share of wallet of existing investors or attract net new.
- ▶ Potential avenues of growth to evaluate include expansion of current services (e.g., wealth management, tax planning), additional coin pairings, access to new products, greater support for DeFi, payments enablement, etc.
- ▶ Firms should also evaluate potential partnership opportunities with existing financial institutions to improve or supplement offerings (e.g., partnering with a payments processor to enable real-time settlement, partnering with a wealth manager to provide model portfolios).
- ▶ When looking towards operationalization of new offerings, firms should engage regulators proactively, conduct thorough cost benefit analysis and verify that relevant processes are pressure tested before launching.
- ▶ Continue to promote regulatory compliance and best practices internally and externally to further consumer trust and address any perceived concerns around the industry.



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1,034 investors from different demographic segments were surveyed and varied in investment experience and income



¹Survey respondents self-reported "accredited investor" status with this being defined as >\$1m in assets or >\$200k in income for each of the past three years.

Source: EY-Parthenon Retail Digital Assets Investor Survey March 2024 (n=1,034), ey.com.

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