



# Crypto for the real world

Revolutionising  
everyday purchases  
using cryptocurrency.

What Australian businesses and consumers say  
about the future of transacting in cryptocurrency

AUGUST 2022

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# Introduction

**Australians' interest in cryptocurrencies exploded during the pandemic. This has driven a growing appetite for consumers and merchants to make and receive payments for goods and services in cryptocurrency, without slow and costly conversion to fiat currency.**

From humble beginnings in 2008 to its latest 2021 price peak, Bitcoin (BTC) and cryptocurrencies in general have increased investor interest and wider market participation.

Crypto and the blockchain technology that powers it is enjoying widespread popular embrace amid a proliferation of alt coins, DeFi projects, surging market capitalisation and the explosion of interest in non-fungible tokens (NFTs).

The market value of cryptocurrencies reached US\$3.2 trillion in November 2021, coinciding with a surge of investment in projects that reimagined what is possible in a world that is decentralised and distinct from the traditional fiat financial system. Its appeal has surged beyond venture capital to mainstream banks and sovereign wealth funds, as well as accelerating efforts by authorities to regulate cryptocurrency and make it safe for the mainstream.

As the popularity of cryptocurrency has increased, so has demand for ways to use it in the real world as an alternative to entrenched, expensive and slow traditional means.

**This report was commissioned to test Australian consumer and merchant attitudes toward one of the key use cases still to be conquered – paying for everyday goods and services at point of sale using cryptocurrency.**

The results reveal strong demand from both consumers and merchants for means to transact in cryptocurrency and belief in the long-term use case. Consumers clearly see it as more than just a speculative investment and believe the ability to use it for everyday transactions adds another dimension to their holdings. Merchants share a similar belief in the long-term use case and see it as a payment channel to attract new business and provide their customers with new means to pay. With barriers to entry

starting to be overcome, one third of merchants surveyed say they will be prepared to offer cryptocurrencies as a payment type within a year, and 60% within three years. This is a clear endorsement from consumers and merchants that cryptocurrencies as a utility to make and receive payment are here to stay.

Technology company DataMesh, in partnership with Crypto.com, will be the first global partner to integrate the MerchantPay solution into a EFTPOS terminal. This enables Crypto.com customers to purchase goods and services via their Crypto.com App, and for DataMesh merchants to accept 25+ cryptocurrencies that settle immediately. The functionality is being rolled out through South Australia's based, Peregrine Corporation's retail network, including its On The Run petrol and convenience centres and other retail outlets nation wide.

The findings in this report are based on surveys of more than 500 merchants across Australia and more than 2,000 consumers who have some experience with or exposure to cryptocurrencies. In this report, they will be referred to as consumers rather than crypto holders. The survey was completed in late May and early June of 2022, after a major fall in the value of cryptocurrencies and the collapse of Terra/Luna stablecoin project. This Australian data set follows on from a global survey of more than 110,000 Crypto.com users and Worldpay from FIS's global base of more than 1.5 million merchants conducted at the end of 2021.<sup>1</sup>

<sup>1</sup> *Crypto for Payments: Consumers are hungry – will merchants be able to fill their appetite?* February 2022 by Worldpay from FIS + Crypto.com



### Key Takeaways

- There is significant interest in having the ability to make and receive payments directly in cryptocurrency. 55% of both merchants and consumers say they want to transact in cryptocurrency.
- Both merchants and consumers prefer to transact in Bitcoin and Ethereum but there is significant demand for an Australian dollar stablecoin.
- Both merchants and consumers (32% and 35%) would like to have the option of transacting online and in-store, but consumers are more focused on online.
- One third of merchants say they are or will be ready within a year to transact in cryptocurrencies, and 60% within three years.
- The lack of regulation, price volatility and, to a lesser extent, uncertainty about the tax implications remain barriers to wider adoption of cryptocurrency transactions.
- There is reasonably high level of alignment between consumers and merchants' interest in the different types of goods and services for which they would like to transact in crypto. Luxury goods, digital media, retail and grocery are high on both lists - but there are clear opportunities in industries such as travel and hospitality, which are in high demand from consumers as they emerge from two years of COVID-19 lockdowns.

# Level of Interest

**Significantly, 55% of both consumers and merchants said they would like to use cryptocurrency to purchase goods and services.**

Around a quarter of merchants and consumers are already transacting in cryptocurrencies although it remains the smallest share of all transactions compared with traditional methods such as online and instore credit and debit cards.

## Consumers

Around two thirds of consumers (63.7%) believe cryptocurrency has a use case other than as an investment, while 20.7% are unsure. Thirteen percent say they are already using crypto to pay for goods and services, and this emerges as the strongest driver of potential future uses. Topping the list of applications are payments (local and international), earning staking rewards, as a store of value and for the purchase of digital collectibles such as non-fungible tokens (NFTs).

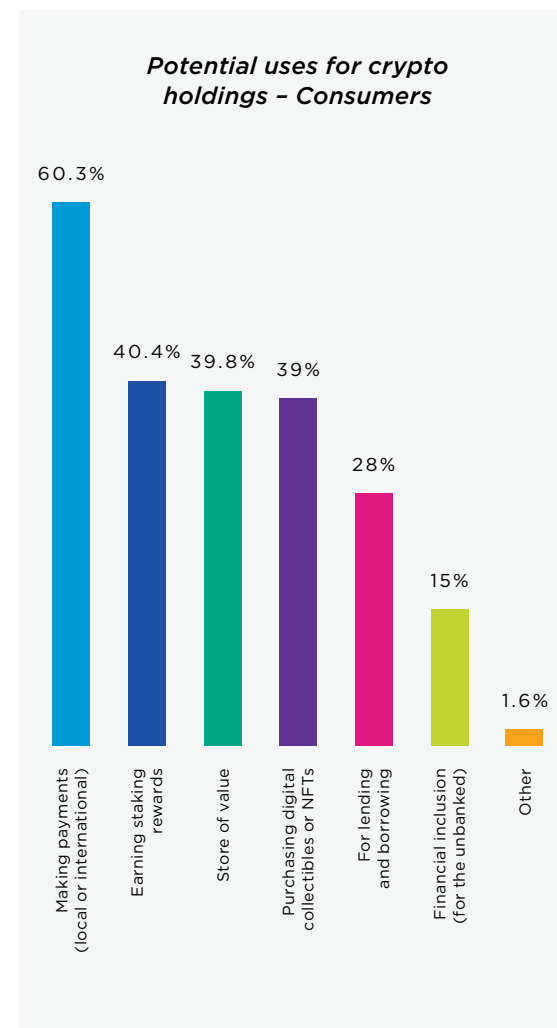
The main driver of consumers' desire to pay in crypto is that it provides a new option for them to use their holdings (44.9%). Speed, the ability to benefit from real-time prices for crypto and the cost of either traditional fiat or crypto-to-fiat payment methods were also significant factors.

Against that, those that are unwilling to pay for everyday goods and services using cryptocurrency cite price volatility (48%) and uncertainty around the tax implications (34.5%) as reasons not to do so. More than a third say they would prefer to hold on to their cryptocurrency, highlighting the continuing investment appeal of digital tokens.

Ideally, cryptocurrency users would like to be able to avoid the cost and hassle of fiat conversion before they spend and take advantage of real-time prices at the point of sale. Where direct payments in cryptocurrency are not possible, customers have turned to payment products that contribute to their crypto holdings. For example, prepaid cards that auto-sell crypto holdings to fund fiat purchases – such as Crypto.com's Visa card and reward program – are becoming increasingly popular.

As the cryptocurrency sector continues to become mainstream with 16% of US citizens

holding crypto today<sup>1</sup> and 17% of Australians owning cryptocurrency,<sup>2</sup> creating avenues for payment utility is becoming increasingly important.



<sup>1</sup> Merchants getting ready for crypto Merchant Adoption of Digital Currency Payments Survey, June 2022 by Deloitte + PayPal

<sup>2</sup> Laycock, R., 2022. Finder Cryptocurrency Adoption Index



## Merchants

11% of merchants say they are already accepting crypto payments from consumers, but significantly more say they are interested in doing so, 55% of merchants surveyed said they were either “willing” or “very willing” to accept crypto payments. Their appetite is fueled by the desire to offer more payment options to customers (52.7%) and a positive view on the long-term adoption of cryptocurrencies as a payment medium (53%). The opportunity to unlock new markets and customers (31.9%) was also a strong driver of merchants' willingness to adopt crypto payments.

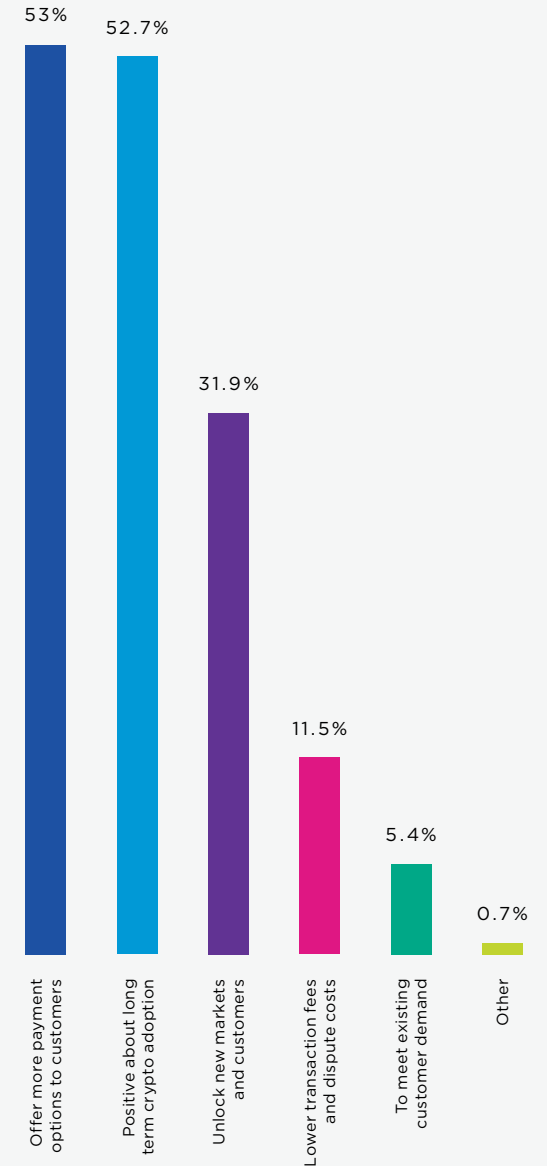
The responses indicate a major opportunity for merchants, who are receiving just 2.5% of payments in cryptocurrency now. With existing options limited largely to online payments, it means consumers are forced to first convert to fiat currency before spending in the real world.

Other advantages would include lower transaction costs and fewer disputes.

Against that readiness there are several challenges for merchants, including integration with existing payments and the lack of clarity around regulation of cryptocurrencies. A lack of budget and training, as well as internal buy-in were also cited as barriers to adopting crypto payments.

This suggests a role for payment service providers and technology firms to clear the obstacles and ease the way for companies by integrating crypto payments into existing systems for digital payments. The clear interest of consumers in having crypto payment options and the gap between consumers and merchants already using these options suggests there is an important role for payment companies who can make this happen.

### Why merchants are willing to adopt crypto payments – Merchants



# How ready is Australia?

## Merchants are assessing future payments opportunities and how to best cater to consumer demand to pay in crypto.

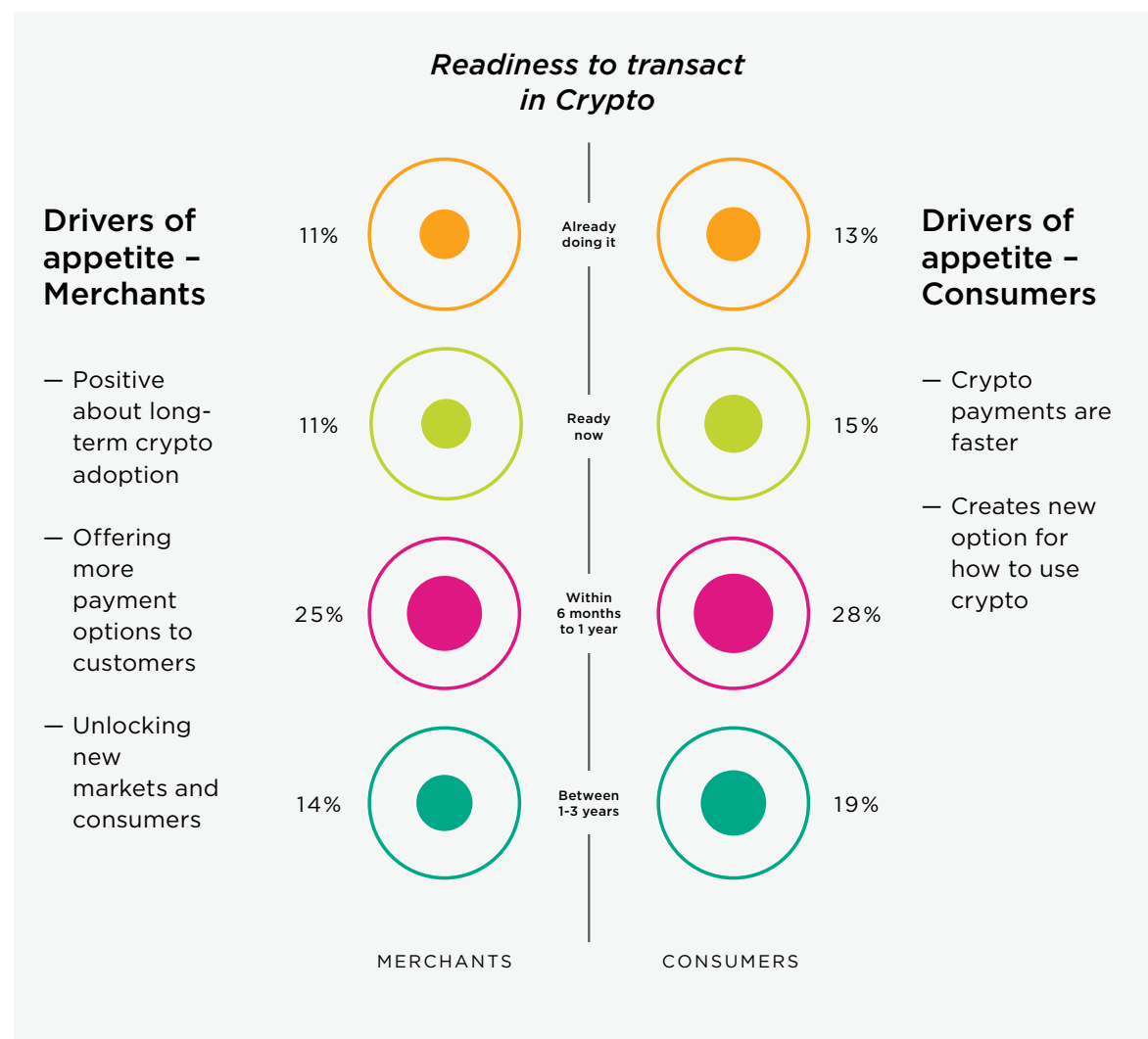
Merchants currently make the bulk of their sales via debit / credit cards used instore or online, with cash the next most popular option. Buy Now Pay Later (BNPL) options come in fourth with 13% of merchant sales, while cryptocurrencies currently make up a small part of sales (2.5%).

While there is limited capability among Australian merchants to accept crypto at the moment, more than third of merchants say they are now ready or will be within a year. Readiness jumps to more than 60% when the timeline is pushed out to three years.

A quarter of merchants rate their readiness on a scale of 0-10 at zero – meaning not at –

while 28%, rate themselves at seven or above. That contrasts with how consumers perceive the readiness of Australian businesses. More than half (53%) of consumers think Australian businesses lie between 0-3 on the readiness scale, which means they don't think businesses are ready yet, while 19% consumers scored businesses at seven or above.

This gap between the perception of merchants and consumers about the readiness of businesses points to the opportunity for merchants to cater to the already established interest of consumers in transacting with cryptocurrencies – and to let consumers know about it.





# Key Barriers

## Merchants

According to the merchants surveyed, the biggest barrier to adopting crypto payment technology was regulatory uncertainty (34%). As cryptocurrencies have become an increasingly widespread investment, the industry has embraced and even led calls for regulation to create a safer environment for the mainstream consumer to interact with cryptocurrency. Governments and international bodies have made strides in identifying the issues that need to be addressed by regulation – as well as contemplating the creation of central bank digital currencies (CBDC) – but the key will be to secure measures that can be easily understood and operated across international borders.

Integration into the point-of-sale (POS) and payment systems (28%) and budget concerns (14%) rounded out the top three barriers, highlighting the need for businesses to invest in systems and practices that enable payments.

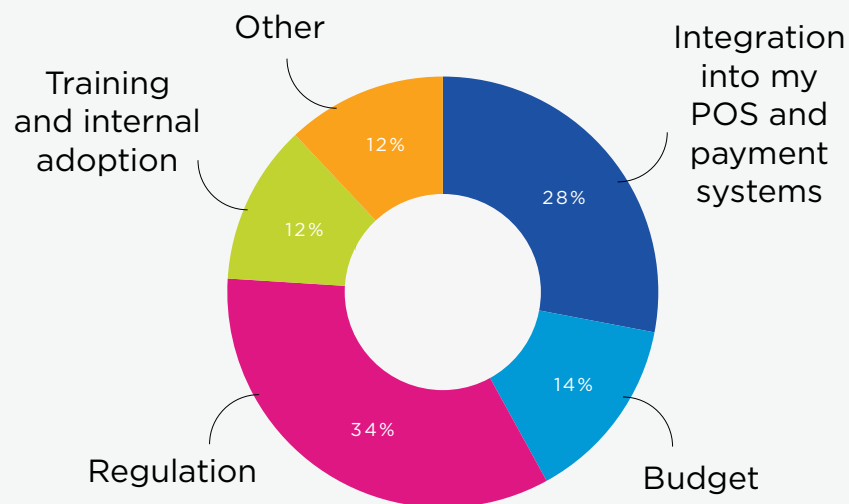
Outlook: Over the next five years, among the new payment's technology, Australian merchants believe the highest growth in customer adoption will come from BNPL and Digital Wallets (29% each), with Crypto the third most promising.

## Consumers

Even after being engaged with cryptocurrency over the last 12 months, most consumers surveyed (81%) believe there is a need for education about spending crypto for everyday purchases.

There are big differences in who consumers believe should be responsible for that education. While 40% think this education is the responsibility of crypto companies themselves, just under one in four (24%) think the onus should be on the Government. One in five (21%) think it's the responsibility of payment providers to provide the education, while a small group (12%) think retailers / businesses themselves should be in-charge of this education.

*What is the biggest barrier to adopting crypto payment technology in your business?*





# Crypto-currency Preferences

**Bitcoin, Ethereum and stablecoins along with some exchange native tokens, are viewed as the preferred cryptocurrencies to make and receive payments.**

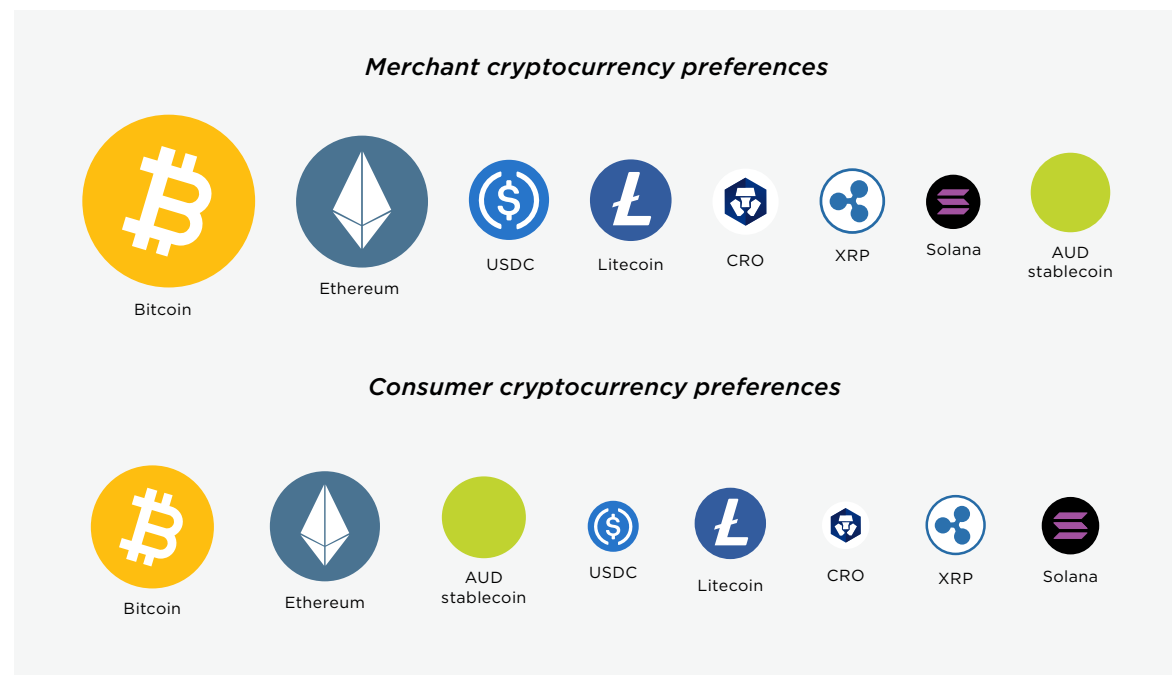
Customers and merchants want to transact with the same set of cryptocurrencies, varying only by the degree of enthusiasm for one or the other.

There are obvious benefits to transacting in the large market capitalisation currencies (such as Bitcoin and Ethereum), which include brand name and security, that can offset the typical challenges of these networks such as speed and cost of processing.

Stablecoins offer obvious benefits to both merchants and consumers, including the lower volatility in their price and the ability to identify the value and transact without first undertaking a conversion to fiat currency. Perhaps unsurprisingly, an Australian-dollar stablecoin was the third most popular currency identified by consumers – ahead of established US dollar stablecoin USDC – and the equal third most popular option for merchants. ANZ Banking Group is one of a number of entities that have trialled or announced plans for a stablecoin, recently completing a second demonstration transaction for its client Victor Smorgon Group to purchase carbon credits using the A\$DC stablecoin. No retail AUD stablecoin are in wide use but there could be a significant opening for anyone who can create one.

Exchange-native tokens that offer staking rewards and access to cryptocurrency-backed fiat payment methods such as debit/credit cards are also popular with consumers.

The number of new blockchains has also dramatically expanded in recent years and with that, the number of coins and digital tokens has proliferated. This leads to a more diverse range of means to cater to specific needs of consumers and merchants for speed, cost, security and other features. While there is expected to be some thinning in the number of coins in future, the continuing move to a multi-chain future puts the onus on merchants, payment processors, technology firms and others to continue to adapt their checkout experiences to cater for customers with a range of cryptocurrencies at their disposal.



Note: icons are proportional to merchant and consumer preference

# Payment Mediums

**About one third of consumers and merchants would like to see a mixture of both online and in-store options for paying with cryptocurrency.**

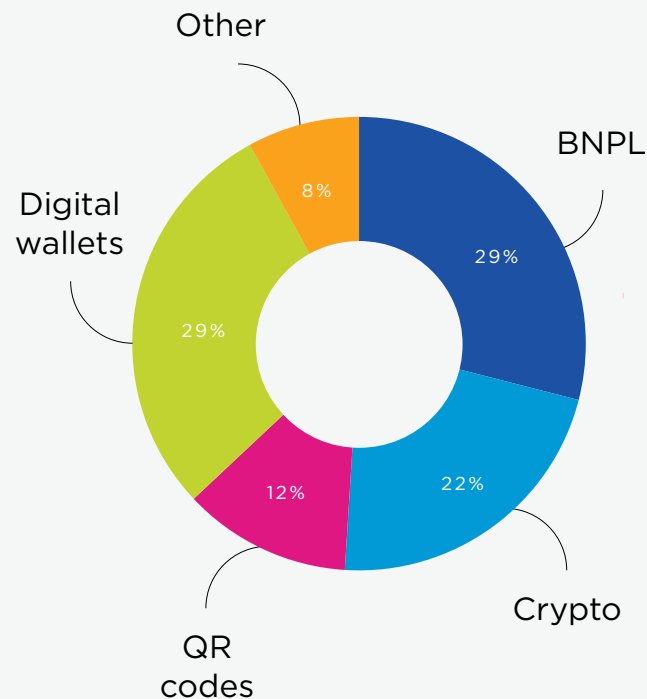
Both groups show similar level of interest for in-store payment options.

Consumers currently have a stronger overall desire for cryptocurrency payment options than merchants, with the difference accounted for by demand for online payments, perhaps reflecting the entrenchment of the shift to online shopping through the pandemic.

Cryptocurrencies are overwhelmingly transacted in the online world. Overhauling technology and payments infrastructure to allow more in-store payment options poses a series of challenges for merchants that do not exist in the digital world. There are also limited opportunities for merchants to buy, build or partner in the development of in-store payment options with technology and payments systems providers.

These difficulties are starting to be overcome, however, as merchants realise the demand for providing both options and the potential for in-store payments. A terminal developed by DataMesh in partnership with Crypto.com will allow in-store cryptocurrency payments via the Crypto.com App. A first in Australia, the payments terminals are being rolled out throughout the Peregrine Corporation's retail outlets, nationwide.

*Which payment type do you think will see the most adoption amongst your customers in the next 5 years?  
- Merchants*



# Industry Segments

**Australian merchants are enthusiastic for crypto payments across the board, but there is a wide variance between different industries and clear gaps compared to the demands of consumers.**

The merchants most enthusiastic on crypto payments were in digital media, luxury goods and IT, followed by retail and grocery – all industries that did relatively well out of the pandemic. What's more, digital media might be seen to have an affinity with cryptocurrencies, while luxury goods companies have been among the beneficiaries of the market's enthusiasm for NFTs that provide guarantees of authenticity and new means of consumption in the online world. Experience indicates higher average

spend by holders of cryptocurrency,<sup>1</sup> which may help explain the appeal to retail and grocery merchants

Interest was significantly weaker for travel, automotive and hospitality sectors that were among the hardest hit by pandemic lockdowns and likely to have been more focused on their own survival rather than innovating in payments. It was weakest in Government, legal services and the not-for-profit sector.

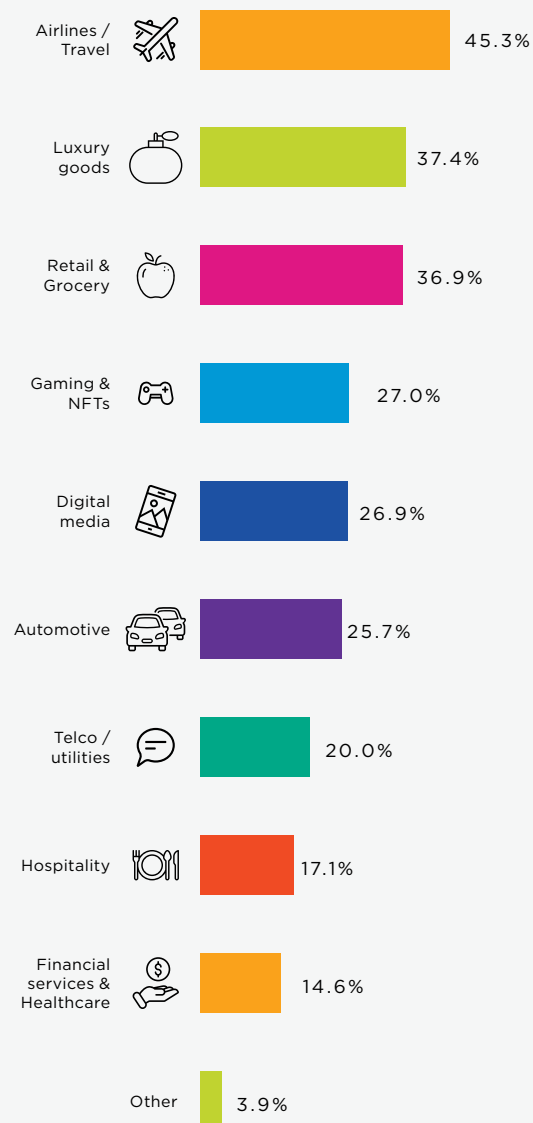
## Consumers

Consumers expressed the strongest interest in cryptocurrency payment capabilities for travel – an option they haven't had until the lifting of lockdown mandates and reopening of borders in the first half of 2022. There would appear to be an opportunity for airlines and cruise companies to take advantage of this demand and open up cryptocurrency payment options. The same might be said for luxury goods and retail and grocery merchants, who could expect to see an increase in traffic and transaction size once they adapt their systems to cater for cryptocurrencies.

Financial Services, healthcare and telcos/ utilities were the areas of least interest for customers to spend their cryptocurrency.

<sup>1</sup> *Crypto for Payments: Consumers are hungry – will merchants be able to fill their appetite?* February 2022 by Worldpay from FIS + Crypto.com

## Spending preferences – Consumers



# Settlement & Custody



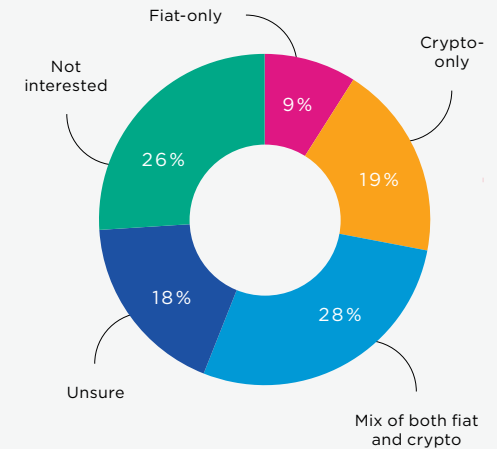
Fiat-only settlement of transactions is the least appealing option for retailers, highlighting the steps they have taken towards diversifying their payments and the increasingly old-fashioned view of cash.

Twice as many merchants are interested in receiving settlement in crypto (18%) when compared to Fiat-only (9%). This is half the number of prior comparable international surveys<sup>1</sup>, which may be an indication of renewed caution since the fall in prices through the final quarter of 2021-22.

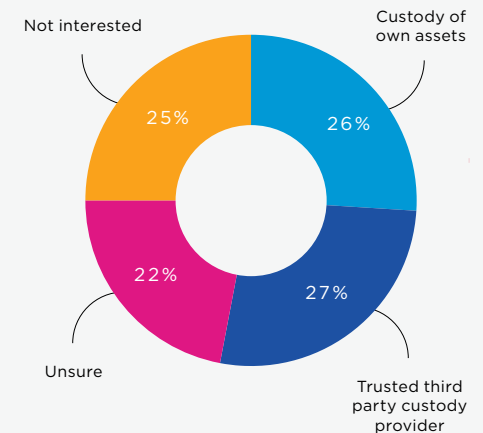
Settlement in crypto can avoid the cost and delay of fiat conversion, providing certainty for merchants, as well as the opportunity to allocate a portion of receivables as investment and earn rewards from staking crypto assets, including stablecoins, when compared to low-yielding bank deposits.

A high percentage of merchants would like to keep the flexibility of settlements in both fiat and crypto (28%), while 18% are still unsure about their settlement preferences.

*Merchant preferences for settlement*



*Merchant preferences for custody*





# Conclusion

## Australian payments are ripe for a cryptocurrency revolution.

Notwithstanding difficult market conditions in the first half of 2022, merchants and consumers believe there continue to be new use cases for cryptocurrencies.

Merchants and consumers have a strong appetite for innovations that would allow them to make and receive payments in cryptocurrency for everyday goods and services, as well as larger items such as luxury goods.

Lower cost, less delay and the ability to take advantage of real-time prices are among the key attractions for consumers who want to pay directly in crypto, rather than first converting to fiat.

Merchants see an opportunity to offer new payment methods to consumers and unlock new markets. Regulation and education have a role to play in making cryptocurrency transactions more accessible and better understood, but consumers and merchants are ready to embrace change.



# About the Survey

In late May and early June 2022 independent research firm PureProfile surveyed more than 2,000 consumers and more than 500 merchants about their attitudes to transacting in cryptocurrencies. The consumers were pre-screened for having had an interest in cryptocurrencies in the past 12 months.

They were split evenly between men and women aged 18 to 64+ and distributed between all Australia states and territories. Their annual income ranged from less than \$5,000 to more than \$405,000.

## Consumers surveyed



Two in five consumers were aged 18-34



41% earned between \$100,000 and \$1,999,999



10% earned \$200,000 or more per year

## Merchants surveyed



10% of merchants were in retail and grocery

Out of 18 industry groups surveyed, the largest were merchants in:

- IT
- Financial Services
- Healthcare
- Legal and professional Services



More than one in two merchants employed 100-1000+ people



Two thirds of respondents were managers or directors and nearly one in six was a C-Suite executive



### About Crypto.com

Founded in 2016, [Crypto.com](https://crypto.com) serves more than 50 million customers and is the world's fastest growing global cryptocurrency platform. Our vision is simple: Cryptocurrency in Every Wallet™. Built on a foundation of security, privacy, and compliance, [Crypto.com](https://crypto.com) is committed to accelerating the adoption of cryptocurrency through innovation and empowering the next generation of builders, creators, and entrepreneurs to develop a fairer and more equitable digital ecosystem. Learn more at [Crypto.com](https://crypto.com).

### About DataMesh Group

DataMesh Group is an Australian based technology company that is transforming the way banks, acquirers, merchants and their customers, interact with each other. With extensive world-wide knowledge, the organisation has been focused on delivering a revolutionary new experience via its next-generation switching and orchestration platform known as Unify. Unify is an open architecture and fully PCI/EMV compliant system that is now considered to be one of the world's most modern and powerful cloud and/or terrestrial-based financial switching solutions in the market today. The architecture includes a unique suite of tools, including a federated terminal management module, merchant and acquirer portals, SoftPOS, Data Analytics, and a valuable customer insights engine through a series integration plug-ins and secure APIs. DataMesh has commenced its global roll out, creating a world-wide, interconnected network of processing capabilities, under a shared or SAAS model. Learn more at [www.OneDMG.com](https://www.OneDMG.com).





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