



JÖNKÖPING UNIVERSITY
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Cryptocurrency Investments: The Good, The Bad, and The Ugly?

An empirical Study on the factors affecting
private financial investment decisions in
cryptocurrency.

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Cryptocurrencies are becoming increasingly popular in the business and financial world. With arguments for and against, people praising it and people demanding a ban, the highest financial returns and the worst economic falls, it is widely discussed and splits the world. This research has taken the focus of experienced Swedish private investors and analyzed the factors that affect their decisions in terms of cryptocurrency investments. Previous research had found patterns within the demographic and strategies of the investors as well as the risks, diversifying or hedging opportunities, and government regulations associated with cryptocurrencies. These findings were used to form semi-structured interviews where the investors would express their opinions and decisions. This resulted in new contributions to the research in terms of the allocation of private investments in cryptocurrencies and the lack of strategy in the investments. Research was also confirmed in terms of government regulations, what drives these risky investments, and the skeptical future of cryptocurrencies.

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1 Introduction

The introduction chapter provides information on the three major concepts: Cryptocurrencies, investment strategies, and their correlation. Firstly, the background of this thesis is provided, focusing on the origins and early use of cryptocurrencies. Secondly, research problems are discussed to identify the research gaps in the relevant areas of individuals' willingness and ability to invest in cryptocurrencies. Thirdly, the research purpose is clarified, and the research question of this study is proposed.

1.1 Background

The rise and evolution of CCs have been taking place during the last decades, since the launch of Bitcoin in 2009. During these years the awareness of CCs as well as how they are traded, regulated, and valued has changed tremendously. Today, cryptocurrencies (Hereinafter referred to as "CCs") are among the hottest topics in the business world, and investment in CCs is considered a valid investment that is good for portfolio diversification, although very risky (Bylund, 2022; Rogers, 2021; Burggraf et al. 2021). The idea with CCs was to bypass the government and bank dependencies to create a fairer market, that is decentralized, faster, and cheaper to make transfers with (Ashford, 2022). Traditionally, money decreases in value since new money can be printed and entered the system, inflation. The inflation rate is usually around 2% with exceptions of extreme times where it can be even more (SCB, 2022; Federal Reserve, 2011). There are also unusual cases of deflation, where the purchasing power increases and money gains value (Bordo & Filardo, 2005). However, the number of tokens available in most CCs is finite, which in theory would mean that money can increase in value. More CC can be created through the process of mining, a small reward for enabling transactions to be verified through your network, however, the amount of mining that can be done per coin is limited which keeps the CC to a finite amount. Additionally, CCs have the potential to replace the fiat money in the world, allowing for an international currency that is a more connected economy than ever before (Shumba, 2021). However, most CCs today mainly serve the same purpose as gold, which means that they are used as diversifying investments and not in actual payments (Huynh et al., 2020; Burggraf et al. 2021). The

most popular CCs have become very limited in their use as a result of high transfer fees, a lack of vendors accepting CCs, and complicated processes of exchanging coins (Tully, 2021).

Although the actual use of CCs in everyday society is limited, the CCs available on the market has become increasingly popular and the number of CCs has evolved exponentially (Statista, 2022). Due to decreased trust in centralized banks, the popularity of NFTs, digital assets, and a more common investor goal of making money quickly through CC (Haar, 2021). This leads to the topic becoming more relevant by the day. As a result, a wider interest from institutions such as hedge funds and companies as well as a governmental interest in digital currencies have emerged, normalizing CCs and paving the way for the future of CCs, and deeming it a valid investment opportunity (Zuckerman, 2022). The recent increase in the Bitcoin price has created a significant increase in crypto investments which is equal to 10% of all private investors, with the main belief that it can make you a lot of money (Reinicke, 2021). 55% of the Bitcoin investors started their CC investments in 2021 (Gailey, 2022). This increase in private investors that include crypto in their own portfolios and the beginning of institutions opening up what has been a closed market viewed as negative and criminal, created an interest for this study. The focus of the study is: how experienced investors view the factors affecting their investments in CCs, what limits them from investing more and what hurdles did they overcome to start their investments.

1.2 Problem Discussion

With the increasing number of CCs, a growth in the discussion surrounding the technology, general technological advancements, and an infrastructure that can support blockchain, the investment opportunities associated with it have arisen. Given that the majority of investors are new to the market and the history of CC only dates back a decade, the research is somewhat developed but very limited in focus (Gailey, 2022; Klarin, 2020). Existing literature mainly discusses the characteristics of individual investors (Fujiki, 2021; Sun et al., 2020; Nandal & Jora, 2020), risk (Jiménez, Mora-Valencia, & Perote, 2022; Angerer et al., 2021; Wang et al., 2019; Okorie & Lin, 2020), the technology (Rajasekaran et al., 2022; Mohammed et al., 2021; Vujicic et al., 2018), and the market (Smales, 2022; Wątopek et al., 2021; Caporale et al., 2018). The research

is done on the behavior of private investors, and the factors that could affect CC investment decisions have been identified as a gap. The research focusing on the characteristics of individual investors is the most relevant research to our study, however, the previous research has a different geographical setting, the US, India, or Japan (Fujki, 2021; Sun et al., 2020; Nandal & Jora, 2020). Sweden has been identified as a good setting for conducting this research, the reason being the digital infrastructure of the country, the crypto-friendly nature of the nation's population, the interest from the government in digital currencies, as well as the belief that Sweden will be the first "cashless society", a nation with only digital banking (Sweden, 2021; Mellor, 2021; Libertson et al., 2021). Sweden is also paving the way globally with their revolutionary fintech companies, such as Klarna, Lendify, and Tink, pulling massive funding over recent years and has become a hotspot for these types of companies (Fintech Global, 2020; Michael Page, 2015)

1.3 Research Purpose.

This study aims to explore and identify factors concerning cryptocurrencies that have affected individuals' investment decisions in recent years.

Resulting in our research question:

How do investors view the factors affecting their cryptocurrency investments, what drives investments, limits further investments, and what hurdles have been overcome previously?

1.4 Target Group

This study is for experienced investors who may or may not have knowledge about CCs and the CC market and business students with an interest or knowledge about CCs and investments.

2 Theoretical Framework

The purpose of this chapter is to provide the theoretical background to this research topic. There are two major sections presented in this chapter and the literature gap that has been identified. The first one is Cryptocurrency, its origin, and its usage. Second, is the literature review consisting of Risk, private investments, government regulations, and speculation surrounding Cryptocurrencies. Lastly, the literature gap is presented based on the gap in the previous literature.

2.1 What are Cryptocurrencies

Since 2009, when Bitcoin was created, CC has been a hot topic all over the world. The idea of Bitcoin was to allow for a network of people to trade and issue digital tokens while being protected through cryptography (Nakamoto, 2008). Starting with Bitcoin, digital currencies became increasingly popular. CCs were intended to democratize finance, similar to the way the internet democratized knowledge and content, however, the ability to increase in value has made it a more popular way of investing rather than being used for transactions (Raley, 2022). For the last couple of years, it is known that the discussion around CCs has increased in volume and CC-related topics saw an increase of over 200% during Q1 2022 (Irwin, 2022; Glenski et al., 2019). Not only has the discussion around CCs grown, but also the number of existing CCs (Statista, 2022).

In addition to the investment opportunity of CCs, there are ways to utilize and gain additional CCs without, or with a small investment. New Bitcoins can be created through a process called "mining". Mining is a way of writing more cryptocurrency into existence by "transforming the format of a bundle of proposed transactions in such a way that the bundle can be hitched to a chain of previously hitched bundles" this is done along with a request to issue new tokens as a reward for the miner (Pernice & Scott, 2021). "Staking" is also a popular way to receive passive income from CCs and is a process where the investor can lock an amount of token in order to receive a high interest rate after a certain time period. By staking, the CC amount is committed to the blockchain in order to help the network and with transactions (Daly, 2021).

The fiat money system that is currently in place in the world consists of both physical and digital credits which are issued by banks and other authorized entities. Bitcoin is a digital branded token. The tokens are in limited supply but can be split into smaller pieces or put together into bigger ones. Bitcoins also have a value in fiat money which allows people to easily grasp their value of them (Pernice & Scott, 2021). The fact that there is a limited supply of CC tokens created investment opportunities as the tokens' value is incredibly volatile. Furthermore, the ability for investors to receive a more favorable interest rate from staking or mining CCs, is additional factors that make CCs arguably stronger and better for investors than FOREX and fiat investments.

2.1.1 How Cryptocurrencies Are Used

There is a lot of research on the use of CC, some examples are Folkinshteyn & Lennon, (2017), Francisco & Swanson (2018), and Gunawan and Novendra (2017). What has been found is that CCs can be used and implemented quite broadly, since the technology has the potential to revolutionize and disrupt, more or less every industry (Sharma & Gupta, 2021; Tapscott & Tapscott, 2018). However, today several popular CCs are mainly used as investment opportunities and not in the same way that we use fiat money. CCs are today bought for fiat money and then later sold for fiat money instead of using it as a direct payment method (Pernice & Scott, 2021). The CCs have moved from being an experiment used for payment to being a type of digital gold.

In terms of CCs as an investment opportunity, Petukhina et al. (2018) studied how CCs are used by individuals to diversify their investment portfolio with the conclusion that the best performance was gained by individuals who were targeting strong diversifications and advised investors seeking a well-diversified portfolio while taking on some risk to consider CCs. As an investment strategy, there are historically both great long-term gains as well as short-term gains when trading CCs. Edwards (2021) has followed the price history of Bitcoin. The first value of Bitcoin was \$0.09 in mid-2010, it reached \$1 in April 2011, and three months later it peaked at \$29.60, close to a 3,000% gain in a quarter of a year and almost 33,000% since the first valuation a year earlier. Following the peak in 2011, the rapid increase in the price of Bitcoin decreased reaching a bottom of \$2.05 in November 2011. These patterns have since been repeated multiple times over the last

decade with noticeable peaks in December 2017, \$19,345.49, and an all-time high in November 2021, \$67,549.14.

These large fluctuations, based on external factors such as government regulations, influence from social media, etc., can in the short term create gains for the active trader with equally strong long-term gains for the less active investors. This, along with the ability to mine CCs, is something that has sparked the interest of many investors, companies, and governments. Following this, the demand from investors has increased and many have chosen to enter the market and include CCs in their investment strategies, as a way to hedge their investments from the uncertainty of the stock market and inflation (Brumley, 2022; Iacurci, 2022; Backman, 2021). External factors, positive and negative, are also pushing the discussion of the validity, usability, and sustainability of CCs in the world which affect the value and risk even further (Matthews, 2018; Frankel, 2021; Singh, 2021).

2.2 *Literature review*

Although the CC market is young, just over a decade old, there has been extensive research in the field already. While conducting research in the field of CCs and the connection to private investors four major topics of interest appeared, the individuals' investment strategies and investments (Fujki, 2021; Sun et al., 2020; Nandal & Jora, 2020) risk (Jiménez, Mora-Valencia, & Perote, 2022; Angerer et al., 2021; Wang et al., 2019; Okorie & Lin, 2020), government regulation (Andreevich, 2021; Luther, 2016; Kakavand et al., 2017), and speculation (Huynh, 2021; Fry and Cheah, 2016; Selmi et al., 2018; Burggraf et al., 2021). These were the general areas in which previous research had been conducted as well as the topics that were frequently mentioned as challenges for new investors. Even though CCs are often expressed as dangerous, extremely risky, and heavily regulated by governments, over 55% of the current crypto holders did their first investment during the last year (Gailey, 2022).

Previous research has found that there are patterns between the typical investor and the reasoning behind making these abnormally risky investments. In regard to the investor, the literature found that the typical CC investor follows a pattern within the demography as well as the education level (Fujki, 2021; Sun et al., 2020). The reasoning behind

including CCs in the investment portfolio tends to be for personal reasons, such as fulfillment or competition with previously made investments (Sun et al., 2020; Nandal & Jora, 2020). The typical CC investor is also very considerate when it comes to the security of the investment, including risk diversion and privacy policies (Nandal & Jora, 2020).

In regard to risk, CCs are undisputedly very risky investments and come with extreme volatility (Jiménez, Mora-Valencia, & Perote, 2022; Angerer et al., 2021). The volatility could be considered the reason why some investors choose to make these investments whereas others avoid them, however, from studies conducted multiple reasons are arguing for and against the investments, such as the lack of risk assessments available, hedging, and generally perceived risks (Jiménez, Mora-Valencia, & Perote, 2022; Naeem et al.; 2021; Shahzad et al., 2021; Wang et al., 2019; Okorie & Lin, 2020).

The general perception of the government's view and regulations on CCs is negative, where the strict rules and regulations in place today are seen as hindering development and outdated (Arfwidsson & Kjærsgaard, 2019; Luther, 2016). The government argues that the technology lacks security and is considered unknown in multiple aspects (Kakavand et al., 2017).

Along with the extreme volatility of CCs, there are frequent discussions about speculations and bubbles within the market (Selmi et al., 2018; Burggraf et al., 2021). Huynh (2021; 2022) found that external information can easily manipulate the price of bitcoin. Bitcoin is also found to have a large influence on the general sentiment in the CC market, where it has been confirmed that bubble behavior is present (Burggraf et al., 2021; Fry and Cheah, 2016).

2.2.1 Individuals' Investments

For individuals' investment in CCs, there are two major areas studied, demographics and education level. Whereas Fujki (2021) focuses on different characteristics of the actual individual such as age, gender, etc. The main finding from this study is that the average crypto holder in Japan is young, male, has a higher level of financial literacy, and prefers cashless payment methods compared to the non-crypto holders. It was further found that there was great variation between experienced investors and non-experienced investors, something that led to the study not being able to fully determine crypto holders as a homogenous group with the found characteristics. Nandal & Jora (2020) studied the

change in CC investment behavior as household income increased in India. This study showed that both men and women are inclined to invest in CCs and the main reasons are to transfer money or to gain a return. Security of the investments through government regulations, privacy regulations, or general regulations from the platform or token was considered of high importance among the participants. To diversify the risk of CC investors, tend to have multiple CCs in their portfolio and also through investments on the stock market with investments in stocks or mutual funds.

Sun et al. (2020) studied the factors that led investors to risky CC investments. The findings showed that investors are well-educated middle-class and mainly men. The findings showed that the main reason for investing in high-risk investments was personal innovativeness, the drive to seek out new investment opportunities that yield higher results than previously experienced. The findings also show that the investors feel a lower perceived risk than the stock market since the CC investors tend to be familiar with the stock market where many institutional investors compete with the private investors which are perceived as tough competition whereas few institutional investors are active in the CC market. It is seen as impossible for the individual to compete with the size and capital of institutional investors. The CC investors also saw value in building a diverse portfolio that included CC, although it is of greater importance for CC investors to be knowledgeable about current and new regulations and rules as well as the difference between CC to find the most suitable CC for the portfolio. Furthermore, CC could be used as a tool to risk hedge, speculation, or long-term holding, depending on the investors' intention and portfolio strategy.

2.2.2 Risk

Multiple studies prove and argue for the extremely volatile nature of CCs, something that is linked to the view of risks associated with the investments (Jiménez, Mora-Valencia, & Perote, 2022; Angerer et al., 2021). One of the main problems presented with the risk of CCs is the lack of a proper risk assessment method, although many researchers strive to find a good method it has not yet been established. The reasoning for this is the extreme volatility and the high heterogeneity amongst CCs make it difficult for one model to be sufficient for risk assessment. Jiménez, Mora-Valencia, & Perote (2022), claimed that there are ways to accurately measure the risk but depending on the CC the best model varies, making it a bit more complicated. Angerer et al. (2021), studied the objective and

subjective risks associated with CC investment. It was found that within FinTech in general, there is a positive correlation between perceived risk and the reluctance to use a service or application, something that stands true to CC investment as well. Security risks such as hackers and cyber problems also increase the perceived risk of CC investments. The most extreme hurdle for perceived risk in CCs is the extreme fluctuations of the price.

Connected to the risk of investments is the ability for investments to be used as a hedge, for CCs it is often argued whether or not it is a valid hedge against risks on the stock market, FOREX, and certain industries (Naeem et al.; 2021; Shahzad et al., 2021; Wang et al., 2019; Okorie & Lin, 2020). Within FOREX, Shahzad et al. (2021) presented that, it was shown that many currencies, especially the Japanese Yen, are a consistent hedge towards CCs but also the British Pound, Chinese Yuan, and the Euro showed consistency as hedgers. The mentioned currencies, except Euro, were also proven to be a safe haven for Bitcoin and Litecoin. Wang et al. (2019) studied the hedging correlation between CCs and indices. It was found that generally, CCs were not a hedge for national indices. Looking at hedges within certain industries, Okorie & Lin (2020) proved a relation between a few CCs and the crude oil market, there were clear volatility spillovers between the markets which presents hedging possibilities. Within the CC market, the use and implementation of futures is also a way to hedge, as studied by Sebastião & Godinho (2020). Bitcoin futures can be used as a way to hedge daily volatility within Bitcoin, as a way to hedge the price risk of other CCs and mitigate extreme losses within the CC market.

2.2.3 Government regulations

Andreevich (2021) presents that The Swedish government has not officially imposed any specific legislation regarding the CC market. However, digital currencies are viewed as financial assets, and activities conducted with CCs still fall under Swedish jurisdiction, meaning that sentences are carried out for illegal activities and financial gains are taxed. The taxation is 30% on gains, trades between CCs or FIAT currencies, or used CCs when gambling, something that is seen as very hard taxation that can hinder and limit the development of CCs in Sweden (Arfwidsson & Kjærsgaard, 2019). Andreevich (2021), further presents that the current regulations have been active since 2013-2015 when first implemented, even though there have been major developments in the CC market in regard to the technology, use cases, and general interest. Furthermore, CCs are not

considered a currency in Sweden and the government agencies are frequently informed about the danger of CCs and the extreme caution these investments should be handled with. In a study conducted by Triljo, the only Crypto exchange in Sweden, it was concluded that only 1% of the population of Sweden was or is currently invested in CCs. On the other hand, Sweden has announced that the central bank is working on a digital currency of its own, the E-krona, which can be seen as a first step for the nation to implement digital currencies on a national level. Blockchain technology is also slowly entering the nation within payment systems and real estate transactions.

Luther (2016) states that for a new financial instrument to succeed it is fundamental to have governmental support. When comparing the implementation of new currencies around the world and the implementation of CCs there is a very obvious difference, new national currencies are successfully implemented mainly due to the support from the government. There is also often a clear reason for why a new currency is needed, something that is not as clear with CCs. CCs, like Bitcoin, have the aim to replace the already existing, functional, and stable currencies that are in place today. It does not fill an existing gap or prove itself to be superior in a way that makes it worth its implementation. With no acceptance from a broader network and with the continued instability of the CCs, it will not alter the view of governments and the existing regulations will remain in place.

Furthermore, the main area of concern for governments is the technology used in cryptocurrencies. Blockchain technology is the fundamental technology that enables a recorded transcript of all transactions as well as validates and confirms transactions. According to Kakavand et al. (2017), the arguments from multiple governmental financial agencies are that blockchain technology has four operational risks. "(i) software has bugs, (ii) software is vulnerable to attack; (iii) software is ever-changing through new releases; and (iv) few people understand how the software works." (Walch, p. 856). Further arguments include the instability of the system, the fact that there is no individual responsible for ensuring that the system is operating, and the lack of crisis management if something would occur. On the other hand, it has been argued by multiple researchers that governments are against CCs and digital currencies since they will compete with central banks and the decentralized nature will weaken the economic policies, directly

affecting the government (Monrat et al., 2019; Kakavand et al., 2017). Therefore, it is claimed that governments are imposing strict regulations and even bans in certain nations.

2.2.4 Speculations

CCs are widely discussed as being a good and valid hedge investment or not. Given that the CC market is separate from any stock exchange and national index, in theory, there should not be any correlations between movements in the markets on each other. That makes CCs, in theory, a good investment to hedge or diversify a portfolio. However, there are still concerns concerning the speculative and bubble-like nature of the currencies. Huynh (2021; 2022) has found that the price of Bitcoin is easily manipulated by external information such as Twitter accounts, former US President Donald Trump, and Tesla CEO Elon Musk was found to have had a significant impact on Bitcoin pricing for multiple years. This was found to be something that should be considered before deciding on a strategy for CC investments to avoid sudden change.

The micro-economic sentiment for the US has a significant negative impact on Bitcoin returns. There is also a one-directional relationship between Bitcoin and Ethereum where Bitcoin has an impact on Ethereum but not the other way around (Burggraf et al., 2021).

Nobel prize-winning economists labeled Bitcoin a "dangerous speculative bubble" and in the cryptocurrency crash of 2018 the CC market dropped 80% which is worse than the dot-com bubble (Selmi et al., 2018; Burggraf et al., 2021). Bitcoin is likely to remain very volatile since its future development and use are unclear with an inelastic money supply and lack of legal securities (Selmi et al., 2018).

Fry and Cheah (2016) studied the bubble-like nature of CCs based on economic models and the volatility of CCs. The volatility is something that can be used to discuss the long-term sustainability of CCs, especially Bitcoin. What was found was that there are clear negative bubbles within the CC market from 2014 and onwards within Bitcoin and Ripple. There is also an expressed speculative bubble within Bitcoin.

2.3 *Literature Gap*

From the conducted literature review it is clear that the CC market and investment strategies lack certain research and that gaps are present. Firstly, a study had not been

conducted in Sweden, a country that is well-known as a leading nation when it comes to fintech, cash-free payments, and technological advancements. Secondly, CCs are not considered illegal by the nation and the government is actively working on implementing a digital currency, something that should mean that the population is open to digital currencies and CCs. This is also conflicting with the strict regulations and taxes on CCs by the Swedish government. Thirdly, there is a lot of conflicting or incomplete research on the hedging capabilities and risk assessment, and perception of CCs. Based on the findings from the previous literature along with the arguments stated, there are clear challenges expressed regarding CC investments, such as government regulations, perceived risk, and volatility. However, there are also arguments for why these investments are tempting and valid investment opportunities for the investors. There are also uncertainties in the literature and a lack of the Swedish perspective. There is also a strong possibility to build upon and add findings from the investor perspective onto the field and existing literature findings, something that this study will do.

3 Methodology

In this chapter, the structure of the research and the chosen methods will be presented. The reasoning behind the selection of certain research methods and approaches will be discussed. Additionally, the process of data collection and sampling will also be presented and reasoned for. Lastly, the ethical considerations will be presented.

3.1 Research Philosophy

The research philosophy consists of ontology, the individual perception of reality, and epistemology, how we perceive that knowledge is created. Combined they form the foundation of the research design and explain how data will be collected, analyzed, and presented to answer the research question of this study. This study will use grounded theory as the research method with a constructivist ontology and interpretivist epistemology.

Prior to establishing the ontology and epistemology of a study, it is important to understand the research method. This study will use grounded theory, the generation of theory from collected data, as the research method. By using grounded theory the researchers are able to conceptualize patterns and structures from a social context and develop conclusions and theories from them.

The ontology, as described by Easterby-Smith (2018), is explained as the way researchers perceive reality and the nature of existence. This reality consists of two sets of beliefs, i.e., positions, objectivism, and constructivism. This study takes a constructivist approach since there is not one reality to the mindset and actions regarding investments. A study can give a good representation of a certain group of investors but there is not one subjective truth that is shared globally or amongst human minds in this area. The previous studies cannot be viewed as clear links of what is 'real' rather they are estimates or approximations of that given observation or study. Therefore, this study will take the constructivist position in order to build upon previous studies and to add a new perspective and new findings to the area.

The epistemology, as described by Easterby-Smith (2018), explains the epistemology as the assumptions regarding the best way of questioning the nature of the world. The two epistemological stances are positivism and interpretivism. This study takes on an interpretivist stance given that the researchers want to get a subjective take on the study and be able to be immersed in the research knowledge. The reasoning is to be able to receive strong insights that are valuable and relevant to the study. By adopting a positivist stance, the researchers would not have been able to explore the selected phenomena to the same extent (Collis & Hussey, 2014).

3.2 Research Approach

Collis & Hussey (2014) presents two research approaches, inductive and deductive. Deductive research has an aim to test the existing theory through hypothesis with newly collected data whereas inductive research strives to suggest a theoretical framework based on collected data and exploration of specific phenomena. This study is exploratory in its

nature and will therefore adopt an inductive approach. The premise of this study is to generate untested conclusions that are revealed through the exploration of the phenomena of investing in cryptocurrencies. By conducting an inductive study, the researchers are also able to make more broad generalizations in their conclusions and from the collected data (Bradford & Weisberger, 2021).

3.3 Research Design

Sunders et al. (2015) present the two methodologies for research design, qualitative and quantitative. Qualitative is numeric in its nature whereas quantitative is non-numeric. This study has the aim of exploring phenomena and finding patterns from the collected data, therefore a qualitative research design is the most suitable. The best way to explore and find the patterns of this phenomena is through semi-structured interviews where the researchers can conduct deep data collection to fully explore the answers received.

3.4 Literature Collection

To gather previous knowledge and findings from existing literature Primo, Google Scholar, and Web of Science were used. Keywords used by the authors included "cryptocurrencies", "private investments", "risk", "government regulations", "bitcoin", "blockchain", "speculation", "volatility", "hedging", "trading", "investment strategies", and "digital assets". These were used in different combinations with each other to receive a wide range of relevant literature. These were the keywords that were found to give the most relevant data for this study. Due to the topic being new and very rapid in changes data from websites were also used, the keywords used were similar to the ones used in primo, google scholar and web of science and the websites used were Forbes, Times, Business Insider, Motley Fool, Fortune, etc. Government websites such as Sweden.se and skatteverket.se were also used to understand the general sentiment on the Swedish society in terms of payments and digital banking as well as the regulations and taxations currently in place.

3.5 Data Collection

The data collection part of this study presents and argues for choices made in terms of validating, collecting, and analyzing the data as well as the ethical considerations implemented.

3.5.1 Validity, Reliability, and Generalizability

When conducting a study there are issues regarding the validity and reliability of the gathered data (Collis & Hussey, 2014). In a study, validity is related to how accurately the collected data can reflect the studied phenomena. The reliability is related to how similar the findings and collected data would be if the study were to be repeated. To ensure that the collected data has high validity and reliability this study has adopted a qualitative approach that has high validity by nature and has high ethical considerations (see section 3.8) which included a consent form (see Appendix 1), the ability to ask follow-up questions prior, during, and after the interview, and continuous communication with the interview participants. The finalized transcript was returned to the participant for confirmation and a chance to edit sensitive or wrong information and the finalized themes and categories were also communicated to the participants as a way to process the findings. This is also called member-checking and results in fewer misunderstandings and higher quality data since it can lead to further and deeper data collection since the participant gets a feeling of empowerment (Birt et al., 2016). Member-checking results in higher reliability and trustworthiness of the study. Generalizability has not been considered since it is not relevant in qualitative studies.

To further enhance the trustworthiness of the study the researchers have used tables, as presented by Cloutier & Ravasi (2020) to ensure the trustworthiness. The tables used are a way to organize the data collected and a way to turn the data collected into a useful tool for understanding the phenomena. Providing the data results in a table is a way to display and communicate the findings of the study to an audience that might be unknowing or skeptical of the phenomena. Given that the phenomenon of CC is so young and hard to grasp for people who are not interested or invested in CC, the presentation of data in tables is a way to make the phenomena easier to grasp for the reader.

3.5.2 Primary Data

Interviews were used to collect primary data. Semi-structured with open-ended questions to ensure exploratory and broad answers. Questions were made based on the literature review and the main topics that were found to impact investment decisions amongst investors. A set of base questions were established beforehand (appendix 2) and they were all asked to the interviewees to ensure the reliability of the collected data. By having a set of base questions constructed from the literature review, the main questions were relevant

to the topic and ensured high-quality data. Surveys were considered as the primary data since it would provide a higher number of answers and participants, however, the quality of the data would not have been as high and the subject lacks fundamental research and hypotheses to test. Therefore, interviews where a smaller sample were interviewed was chosen to draw conclusions from existing literature and develop new insights.

3.5.3 Interview Construction

The interview data has been collected through 8 interviews with experienced CC investors. Before the interviews, the interviewee received a general summary of the subjects that the interview would touch on, such as risk, their investments, and speculation. The base question set was not shared to ensure that the interviewee could not fabricate or prepare answers prior to the interview. This was followed by sending out a consent form to the participant to ensure that the expectations were communicated, and the rights of the participant were clear. Additionally, the first question when the interview started was a confirmation that the document was clear and if the participant had any questions, this was also asked at the end to conclude the interview. By doing this the interviewee was given multiple opportunities to voice any concern or question as well as it minimizes the confusion and chance of misunderstanding.

During the interview, the interviewer started by clearly stating that the interview would be recorded and that the recording would start if the participant agreed to that. This was followed by the, previously mentioned, a question about the consent form as well as a verbal confirmation that the participant had read and agreed to the form as well as they understood what it meant. Following these initial questions, the interviewer started following the question set (see Appendix 2) and if the answer to a question lacked data or was seen as particularly interesting or relevant, follow-up questions were asked. The interviews were mainly carried out in person and through Google Meet, with one instance of an interview being conducted through a phone call. The optimal conditions were in person or video call since this allowed for a more natural setting that allowed for body language and emotions to be analyzed. The in-person meetings also had a minimum chance of external interference, e.g., technical difficulties or distractions. However, due to a variation in geographical locations as well as a recently raised consciousness regarding health and physical meetings, it was not possible for in-person meetings only even if this would have been preferred. Phone call interviews were not preferred;

however, it was sufficient since the answers still include emotions and the use of language, e.g., tone, pauses, etc.

After all the base interview questions were asked along with potential follow-up questions to broaden certain topics or thoughts, the interviewee had the opportunity to ask potential questions that had arisen during the interview or to add data to any questions that they missed out on previously or realized during the interview. The upcoming process for the data was also explained as well as how a transcript would be sent out to the interviewee so they could see the answers and adjust any misunderstanding, error, or sensitive information.

3.6 Sampling

The sampling method for this study was snowball sampling. The researchers put certain requirements on the participants to ensure rich and knowledgeable data. These requirements included over 3 years of active investments in CC and knowledge about investing from education or work experience. Once these were established a post was published on each of the researchers' LinkedIn profiles presenting the topic of the study as well as the requirement of the participants, this was how the initial participants were found and contacted. The professional networks of the researchers gave good leads as well as direct messages from suitable and willing participants. Knowing that the CC investors often take part in communities, the opportunity to use snowball sampling to gain additional participants was used. Since this study is aimed at understanding the individual patterns and factors affecting private investments there was no risk connected to using snowball sampling in a way that data would become biased, etc. The resulting list of participants in the interviews was 8 with the length of the interviews varying between 25 and 35 minutes (see Table 1). The usage of LinkedIn as the tool to reach participants was chosen since it is a professional networking platform and the researchers are within the business/economics fields, meaning that it is a good way to reach suitable and relevant participants efficiently. Other platforms considered was through the online communities where CC discussions take place or through investment forums, these were neglected since it would potentially lead to biased answers. LinkedIn would give a wider and more diverse sampling pool without any specific focus.

Interviewee #	Gender	Age	Interview time	Interview Form	Interviewer
I1	Male	30	30:02	Video call	Tom S
I2	Male	33	29:07	In-person	Tom S
I3	Male	36	25:22	Video call	Tom S
I4	Male	34	27:28	In-person	Tom S
I5	Male	32	35:22	Phone call	Charlie M
I6	Male	27	32:49	Video call	Charlie M
I7	Male	28	28:33	Video call	Charlie M
I8	Male	31	27:10	In-person	Charlie M

Table 1. Conducted interviews (Magnusson & Stenberg, 2022)

3.7 Data Analysis

The collected data was analyzed through thematic analysis. Thematic analysis is a method where data from qualitative research is used to identify, analyze, and interpret common themes from the data set (Clarke & Braun, 2006). Thematic analysis is dependent on the approach of the researchers and the view of the phenomena being explored. The benefit of using this method is that it will create a structure to the gathered data and give the opportunity to simultaneously analyze the data from previous research as well as it allows for personal insights to play a role in the process, both of which are essential for exploration of the phenomena.

After the data was collected from the interviews the interviewer transcribed the interview. The transcribed document was then analyzed by both researchers to find codes and themes. This was done with every interview and then main categories were built from the set of codes and themes. The data collected resulted in five categories being identified by the researchers. These categories were then further analyzed through previous literature findings and the theoretical framework constructed for this study. By doing this the researchers were able to gain a perspective that was not only limited to the gathered data but also in regards to the previous findings, to see whether or not the findings were similar in nature or not.

Raw Data	Code	Category	Theme
I still think that the process of buying crypto today is too hard in comparison to buying stocks or funds. The banks have gotten stricter with transactions with platforms that perform support crypto transactions. So, the biggest blocker today is the limitations set by the banks.	Regulations	Initial investment blockers	Investment Pulls and blockers

Table 2. Example of how themes were derived (Magnusson & Stenberg, 2022)

3.8 Ethical Considerations

In addressing ethical considerations, a consent form (appendix 2) was sent out to the participant prior to the interview. The form listed the purpose and procedure of the project, as well as the expectations of both parties. It was clearly stated that the interview would be recorded, any data collected would be transcribed with the opportunity to address and adjust the data in case of misunderstandings or sensitive information, the use of the data, who would take part in the collected data, how long the data would be kept, the rights of the participant, and that the data would be anonymized to not have the participants being able to be identified. This form had to be signed before the interview or was verbally approved at the beginning of the recording, to ensure that the form was agreed on and fully understood.

4 Results

In this chapter, the findings are presented based on the themes found from the thematic analysis and with a table that connects and shows how the findings and results integrate with the themes.. The data is presented through conclusions based on expressed information alongside raw excerpts from the transcribed interviews to enhance the findings. The connection to the previous research is also presented with further general conclusions.

While investigating the transcripts and the results five themes were discovered. These are Information gathering, Investment Pulls and Blockers, Government involvement, Investment Strategy, and The Future of cryptocurrencies. These were all key elements in the decision-making process that the investors had before deciding on whether to buy CCs. To easier aid in the understanding and connection between the themes and the findings a table (table 3) is presented. A brief conclusion is also presented to provide a small sample the results and of the collected data.

Themes	Findings	Conclusion
Information Gathering	<ul style="list-style-type: none"> ● Information is vital but limited. ● Low trust of available data. ● Low belief in CC investments. 	Unique market that leads to unique mindsets. Investors value information for decision-making but accept less trustworthy sources. There is also a generally low belief in the CC investments since investors see it as a gamble or lottery.
Investment pulls and blockers	<ul style="list-style-type: none"> ● Recurring investments ● knowledge motivates. ● Implementation. ● Regulations and rules from banks. 	Investors are motivated to invest more and believe that knowledge gain is important and pulls decisions. Implementation limits and blocks certain investments right now and could be because of regulations and rules in place currently.
Government involvement	<ul style="list-style-type: none"> ● High taxes ● Regulations are understandable ● outdated and slow adaptation 	The perception of government involvement is negative. The taxes are seen as too high without motivation and the regulations need to be updated. Investors understand and believe that regulation is needed, however, the current ones are not clear.
Investment strategy	<ul style="list-style-type: none"> ● A low percentage of total investments are CCs. ● Volatility leads to a more gamble-like perception. ● Higher CC investment leads to larger focus on strategies 	The investors seem to not have a clear investment strategy regarding CC, since it is often viewed as a gamble and the money invested is not needed in the short-term. The investment is rather seen as a fun edge and adds some interest to the portfolios, which might give a great return.

Future of cryptocurrencies	<ul style="list-style-type: none"> ● little to no development ● positive outlook ● limited general knowledge 	The investors are positive towards the future of CCs, but there needs to be a larger interest from the general public for change to be created. The government has no reason as of right now to implement the technology.
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Table 3. The integration between themes, findings, and conclusions (Magnusson & Stenberg, 2022)

4.1 Information gathering

Starting with the information gathering, all participants in the study had one thing in common, before they invested in CC, they gathered information. This information was gathered both on the crypto market as a whole and on specific CCs. What differed between different participants, however, was the places where they gathered information and the way that they did it. The information-gathering process that was done before investments in traditional stocks and funds was focused on the specific company, newsletters, financial reports, and other informational texts that were produced either by the stock issuers themselves or trustworthy business sources.

"I mainly purchase stocks, which I understand its functions, and understand its potential. I only buy stocks issued by companies I believe in, in the future." - Participant #3

In contrast to that, a lot of the initial investments were made without a lot of research. The information-gathering done before an initial investment in CC is according to our participants based on looking at graphs, social media, and newspapers. Compared to the information gathering process before making traditional investments the process that proceeds CC investments are very limited. Participant #2 mentioned that they got information from social media and through that tried to determine the demand.

"You know, trying to buy different kinds of cryptocurrencies trying to follow it in social media, trying to see the supply and demand but, you know, it's, as I said, you know, if evaluating the risk, I would say that the risk is total." - Participant #2.

This goes to show that the participant is willing to gather information through social media which is not a trusted source. However, the participant is also aware of the risk and even mentions that the risk is total, meaning that the entire investment could be lost. So, even though the information gathering process is slimmer and results in less trustworthy information, the participants are still aware of that and the risks of their investments.

The reasons for a less thorough information gathering process before initial CC investment could be explained by the lack of information around CC or the more difficult process to gather the information. It could also be explained by the initial intentions of the participants when investing in CCs. Several of the participants mentioned that they initially started investing in CCs for fun and to get an education in the process.

"I'm more into cryptocurrency for fun and to learn than to do any calculations...."
- Participant #2

"So I prefer to put money on something that I understand. So at the beginning was more like gambling, let's say" - Participant #1

"I'd still consider it a huge, huge risk. My investment advice would be to put any money other than gambling level into it, like money you wouldn't want to lose." - Participant #4

All these three participants mentioned the fun and gambling parts of CCs, which could explain why the information gathering process is limited in comparison to other investments.

Other than that, the use of non-reliable sources could be not only the result of less need for it, but rather more a result of lack of information and knowledge that can be spread.

The information collection aspect of CC investments is something that has not been previously mentioned in the literature, even though it is a fundamental aspect of the decision-making process. The CC market is obviously unique in its nature and the information collection proves this. Investors are well-aware of the volatility of the investments and the limitations in available information, still significant investments are

made. The reasoning for this could be, as mentioned, that the investors see the upside and potential reward of the investment as a pure gamble which makes them accept the lack of available information to a higher degree than traditional investments. It also seems that the investors can do the best of the situation and are able to actively seek out information regarding the CC market or specific CCs, even if the platforms for information gathering is deemed as very limited by nature.

4.2 Investment Pulls & Blockers

During the analysis of the data gathered from the conducted interviews, several investment pulls (factors that increased the participants' willingness to invest in CCs) were discovered along with Investment blockers (factors that decreased the participants' willingness to invest in CCs).

When the participants claimed that they had gained more knowledge and insight into the CC market, they would be open to investing more. Some of the participants had already reached that stage and some said that they were aiming for that in the future. The pull factors that affected their investments were different from the initial ones. Now, they were looking at company decisions, other cryptocurrencies, and risk spreading. However, it became very clear that the biggest investment pull after the initial investment was attained knowledge. The participants stated that the more they knew about CC and the market, the more they would be willing to invest. When it comes to company decisions, they serve the purpose of confirming the value of CC and the potential uplift. Several of the participants claimed that with companies' involvement in cryptocurrencies, they felt more secure with their investment and saw greater value in their investments.

"It gives you the security that this is the future. Because of the big players of payments are adopting it, it means something." - participant #1

"And now I think Shopify is also implemented for websites for web pages. So to me, those are the big game changers, because many, many online shops will be able to accept it." - participant #2

“It's also easier and you see a much bigger value in having cryptocurrencies if you can buy a car with the crypto that you have or if you can buy a house or if you can buy the snacks.” - participant #4

During the interviews, questions about what got the participants to invest in CC were asked. Interestingly enough, almost all the interviewees replied with the same answer: for fun, and to learn. Some mentioned that they saw the upside of the potential profits, some mentioned that it was a hot topic, and some mentioned that anonymity and privacy sparked their interest. Even though these pull factors were increasing the participants' willingness to initially invest, they all still mentioned that they did not invest any money that they could not afford to lose. So, even though the pull factors were enough to initiate an investment, no big investment was made to the first investment.

So, with an understanding of how the CCs and the market work, the participants felt more willing to keep investing in CCs. Another factor that increases the willingness to invest in the behavior of the bigger and more popular CCs. When a big CC such as Bitcoin moves up or down, one participant mentioned that the other CCs will follow, the participant also mentioned that the willingness to invest in other CCs increased with a decrease in the value of the bigger ones.

"But when there's like a big drop of the huge ones, like let's say Ethereum and Bitcoin I am used to buy because, in the end, many of them are followed by the big ones." - Participant #1.

This also shows that the knowledge of the behavior of CCs encouraged more analysis and willingness to invest. So not only does the willingness to invest increase but the effort and thoroughness of the information gathering increased as well.

Taxes are also something that is a huge obstacle for investors in Sweden as the taxes when you make a profit off CC investments are as high as 30%. One participant even considered moving out of the country for a short while to be able to sell the CCs owned by the participant.

One great blocker that has been mentioned is the availability and possibility of buying CCs. When you are not able to, or if it is hard to, buy CCs, people will be discouraged, even if the interest is there.

"I still think that the process of buying crypto today is too hard in comparison to buying stocks or funds. The banks have gotten stricter with transactions with platforms that perform support crypto transactions. So, the biggest blocker today is the limitations set by the banks." - Participant #7

The participant mentions how banks are very cautious around CCs, resulting in regulations, limitations, and rules that make it a lot harder for investors to buy CCs. This also results in a slower increase in uptake which in turn means that it will take longer until CCs are used for transactions in peoples' everyday lives.

The findings regarding the investment pushes and blockers are very much in line with the previous findings, in terms of implementation and sentiment. The previous literature has expressed how current rules regarding CCs are outdated and ultimately slows down the adaptation of the technology enabled by CCs. However, the investors seem quite positive towards the adaptation and implementation of CCs for larger companies, since it sends clear signals that there is a demand and use for CCs from large stakeholders. Regarding the findings of how negative movement in the larger CCs, such as Bitcoin, affects the market it is completely in line with previous findings. There seems to be a spill-over effect where investors chose to reallocate their investments from their large investments and diversify it with investments in smaller cap CCs, something that was mentioned by one participant and in the literature. The regulations from the Swedish banks are also in line with the previous findings, national banks are against CCs by nature since it would make them obsolete and potentially end their business. Sweden has not made CCs illegal and there are no active regulations in place which would force the banks to deny or make the process of investing in CCs hard. There are, however, an expressed feeling from the participating interviewees that the banks are making it harder than necessary, and the strict regulations enforced by banks is one of the largest blocker within CC investments today.

4.3 *Government Involvement*

Even though CCs are decentralized and that they are controlled by blockchain technology which results in no need for government involvement theoretically, the topic of government involvement is still one that needs to be discussed when talking about CC investments.

This is the theme where opinions did differ a lot, both when it came to opinions on whether actual government involvement is good or bad and what risks there are with government involvement. The majority of participants said that either little or no government involvement would be necessary for the CC market to flourish. Government involvement seems to be counteractive as one of the ground pillars of CC is the fact that it is decentralized. Another part that influences the investors in Sweden is the high taxes on the profit of CC.

"No, but what is funny is that if you make a profit out of crypto, do not forget to pay Lövfén, because he needs his 30%. It is crazy how you can say that "damn crypto is no good" but also if you make money off of it you pay 30% taxes". - Participant #5.

"I do profit or benefit, I need to pay taxes on some of some money that was already paid tax for this. Like I can buy a car secondhand, I can sell it for double the money and I don't need to pay taxes..." - participant #1

It is clear that investors in Sweden feel as if they are discouraged from making investments in CCs, and for no apparent reason. One participant also commented on the geographical factor and how taxes differ, meaning that Sweden might be more discouraging for investors compared to other countries.

"So, I would say that I definitely would be happy to pay some sort of a small tax on it for whatever reason. Cash it out to normal money, like a currency of a

country or whatever. But the 20 - 30% that some countries are taking, I think is too much. It's like they want to just get the advantage of people making money. But that's my opinion." - Participant #1

“But also, there are some tax dimensions to that. We're depending on where you live in the world. You can pay different taxes.” - participant #4

It is also clear that the participants do understand that both regulation and taxes are necessary, however, the belief is that the taxes are too high and that governments need to educate themselves more in the CC market. One participant mentioned the worry of governments' adapting too slowly to CCs. The participant believes that regulations are necessary but should be implemented as soon as possible because otherwise there is a huge risk that there might be panic decisions made when the CC market has grown bigger than expected.

Other worries regarding government regulations were that governments would ban CCs or make it illegal to hold them. This would collapse the entire market, which would be catastrophic for everyone involved in it, but also as it has so much potential, it would be very bad for future development.

Next, there were beliefs that a global CC could be very beneficial, but there were also doubts.

"But I guess it needs to be regulated in some way. But what I see as the biggest benefit with this is that it is digital and virtual. And that if you could use it as a let's say, you know, a worldwide currency. You don't need to go in exchange for dollars." - Participant #2

So not only is the opinion that regulations are necessary but cooperation as well. Since CCs are decentralized, they could be a global currency without the need for government involvement from any country. Participants mentioned the ease of traveling and how connected the world could be, however, they also mentioned that there is a risk that if

there were to be a crisis in a country it would affect all countries, especially if the country in a crisis is a big one.

The findings from previous literature are also in line with what the interview participants express, with slow adaptation, outdated regulations, and high taxes. Most of the participants express a concern or belief that the government adapts too slowly, something that can be argued to be because the fact that the government by nature is against CC implementations due to the fact that it if implemented as intended would affect the economic policies and power of the government significantly. These are not aspects that the participants have expressed, rather they seem to understand the implemented regulation but also sees potential of having a global currency and by having more updated regulations a greater benefit for the stakeholders. From the findings it is not clear that investors seek to replace the existing monetary system of Sweden, and few actually mention the use of CCs when making purchases, something that suggests that investors prefer CCs as a financial investment rather than for utility.

4.4 Investment Strategy

There are several different ways to set up your investment strategy, and the participants did differ a lot. What they all did have in common, however, was the fact that they all traded with or bought cryptocurrency directly. They did not all have outspoken investment strategies as some of the participants invested for fun and for learning purposes. This points to the fact that they had not yet been able to form an investment strategy in the CC market. However, all participants but two had relatively small parts of their entire portfolio invested in CCs.

The percentage of CC investments in comparison to the entire portfolio was between 5-20% for most of the participants. This also goes in line with the fact that a lot of the participants did not have a set investment strategy. These participants were also investing mainly for fun.

In comparison, there was one participant who said that their CC investments made up 80% of their entire portfolio. The same person also claimed to be knowledgeable and had a clear strategy for the investments. The investment strategy used was to track the bigger

coins' movements and invest in the smaller coins as they will follow. The same person also had a stop loss at 20% where they then invested the money in other CCs.

It becomes clear that the ones with more experience and knowledge had bigger parts of their portfolio made up of CCs. Everyone with 3 years of experience in the CC market had 10% or lower of the portfolio made up of CC investments. On the contrary, everyone with more than 3 years of experience had 20% or more of the portfolio consisting of CC investments. This could both mean that as the participants become more knowledgeable and comfortable in the market, they will invest more. It could also mean that the participants with long experience have had more time to invest in CCs.

Interesting is also the fact that none of the participants said that they were trading short-term as they deemed it too risky.

All participants but one also mentioned volatility as one of the biggest risks.

“I don't want put all my portfolio into Bitcoin or, or any other major big major cryptocurrency because I also see the volatility of the market it's huge.” - participant #3

“...due to the volatility so basically I'm more in cryptocurrency for fun...” - Participant #7

“It's really uncontrollable... The volatility is really bad in terms of like, if you want to be a safe investor.” - participant #8

However, the one with the most experience, ten years, was the only one to not mention volatility as a risk, who said:

"Yeah, I'm not so concerned with the volatility. I think, in general, I think there's a misconception that risk and volatility are the same things. So like you look at something and that's only a risk for the very short term or for whatever term the volatility is going through." - Participant #4

This also makes sense as the ones with fewer years in the market will not have witnessed the ups and down the same way that this participant has. It also makes sense as the

investments made by participant #4 have been around for a long term and actually gained profit from the long-term investment whereas the ones with shorter experience have not yet gained the same profit out of their investments.

These findings add the perspective of investors having a set investment strategy for CCs and to what degree investors make their allocation of CC investment while confirming some previous findings. What was found was that investors usually invest less than 20% of their total investment portfolio in CCs, and with a view that it is money they do not need or see as a pure lottery or gamble to add a fun edge to their traditional portfolio of stocks and funds. This has resulted in the investors not having a set strategy for these investments, they like the volatility and enjoy seeing the highs and the lows, the money lost or gained is not too significant for them and therefore they do not need a strategy. For investors who have a more significant or a majority of their total portfolio in CCs, the need for a strategy is seen as more needed and therefore is in place in order to benefit or save them from the volatility.

4.5 The Future of Cryptocurrencies

The future of CCs is not a certain one, however, all the interviewees agreed to the fact that there will not be much change in the coming five years when it comes to uptake and usage in everyday life. However, all interviewees mentioned that CCs will continue to be volatile and reach new all-time highs as well as all-time lows.

"I have a positive view of the future. I think there will be new all-time highs, probably a few more drops greater than people are comfortable with, and hopefully a greater acceptance from the government. " - Participant #6

The participants mention not only the volatile nature of CCs but also the acceptance from the government. The lack of acceptance from governments has been mentioned by several participants, but some still believe that it will change moving forward. This shows that even though the participants are skeptical of the government's adoption of CCs, they still trust that they will move in the right direction with more acceptance of CCs.

All participants are agreeing on the fact that in five years, very little will happen around CCs. They believe that the uptake is still too small, and the governments are not actively working towards integrating CCs enough. They do believe that the market will continue to grow, and that new CCs will rise and fall, but the effects on non-investors will be very little.

"I don't think in five years it is going to be much more advanced than it is nowadays. Probably there's going to be another bunch of brokers trying to get some money out of it. Some new cryptocurrencies that anyone could create, some of them will go up, and some of them will die in a few days. But for now, since it's still not many people in the world that trust and believe in crypto, maybe 10-15 percent, that's nothing." - Participant #8

The participant clearly explains how the lack of knowledge and trust in CCs from the general population is blocking the market from growing, and even more so, blocking CCs from becoming a standardized currency. This is a shared view among many of the participants. Participant # 7 also mentions the fact that they have a bank card that can be used to pay with CCs. The participant claims that this is the way CCs should be handled and that they believe that the transaction between people and people along with transactions between businesses and people are the future. This is something that almost every single participant mentions when talking about the future of CCs. They believe that in the long term, the decentralization of CCs will prove to be a huge benefit and eventually lead to the more private use of CCs in everyday life.

These findings add to the current view of the development of CCs since it is the expressed outlook of the future of CCs and builds upon the previous sections and findings. As expressed by all the participants there is not a belief that CCs will have a major breakthrough within the next 5 years but rather remain very similar to today. The reasoning for this could be the slow adaptation from the governments and the lack in actual usage and unclear development of CCs. It is also expressed that it will remain as a volatile investment opportunity that will gain more investors and larger actors wanting to get in on the action. There are expressed positive outlooks on the technology and a belief that society will accept and have CCs implemented in their everyday life at some point, it is just unclear when that will be.

5 Discussion

In this chapter, the implication of the conducted study will be presented along with the limitations of it. Areas for further research are also presented. The chapter ends with the conclusion of the study which ties together the entire document and relates back to the purpose of the study.

5.1 Theoretical implications

Through this study, there have been further contributions to the fairly new subject of cryptocurrencies, an area which has the possibility to change the world forever if successful. This study gives a new perspective in terms of its geographical focus as well as the focus of the private investors. It also contributes to governmental agencies since it provides the expressed opinions of individuals in terms of the perceived hurdles and challenges within CCs today, which included taxation and slow implementation.

The general findings are in line with previous studies, which were found in the literature review and explored through the conducted interviews. It was quite obvious just after a few interviews that the results and thoughts were very similar, something that has resulted in very strong results and not much discussion possibilities.

5.2 Practical implications

The practical implications that were discovered early in the research process were the limited number of people having other than surface-level knowledge of cryptocurrencies. Therefore, it was important to make sure that we used a snowballing technique to get in contact with more potential interviewees. Even though there was a wider group of participants who showed interest, a lot of the current investors are new to the market and did not have sufficient experience. This is in line with what has been found that the majority of CC investors started investing last year, 2021. Another practical implication is the sensitivity of the topic. A lot of people do not wish to share information on

investments and how they handle their money, therefore information has at times been hard to get out of the selected interviewees.

5.3 Limitations and future research

Our research was based in Sweden and on people with knowledge about CCs. This resulted in limited information about what stops people from investing in CCs as all the participants were willing to invest. For future research, we recommend conducting interviews with both people who have invested in CCs and people who have not. This will result in a more transparent insight into why people would not want to invest in CCs.

Furthermore, a limitation to the study was the limited number of participants. While conducting a qualitative study, the number of participants will be lower while the details of the answers will be stronger. This entails that the information and data gathered in this study is very much accurate, but it is possible that it is only accurate for a limited number of people. In order to in the future gather a more holistic perspective on the topic, a quantitative approach might be beneficial.

Future research could also include looking into the online communities that are active within the CC market and development of CCs to see the motivation behind the engagement and how the sentiment and mindset differs compared to other less active or “traditional” CC investors.

5.4 Conclusion

There are likely to be a great number of reasons for why people invest in CCs or not. However, when looking at the data collected, the most reasonable interpretation is that many of the investment blockers are results of limited access, information, and the big risks. The lack of acceptance from the government is also a big factor in why people decide not to continue investing in CCs after their initial investments. Big taxes, and lack of adoption makes it difficult for investors to benefit maximally from CC investments.

Investment pulls that became very clear in this research are, the potential profit, the hype, and the curiosity of the interviewees. As the CC market is very volatile, there are many opportunities to make lots of profit. However, at the same time as volatility can help

increase profit, it can also result in bigger losses. So, the same factor that blocked people from investing in CCs, is also what pulls people into the CC market. So, risk and potential profit are very much lined together as one exists with the other, especially in the CC market. The most reasonable interpretation of that is that while it deters some people from investing, risk is vital for the type of investment that the interviewees have done. As the lack of information creates less certainty, the possibility of profit seems to outweigh that fact. Next, the hype is something that brings attention to the CC market. It allows information to spread quickly at the same time as it creates conversations that people have with each other about CCs. It is however, important to note that on social media posts are a lot of the time not trustworthy or only portraying only the best parts of something. Therefore, the hype, especially on social media, is likely to cause a romanticized view on CC investments. Lastly, curiosity is a factor that seems to be very much based on individual personality. However, this was something that was discovered in all the interviewees. A desire to learn and try out new things. Which leads us to believe that the people who invest in CCs are the people who are willing to learn and fail.

Governmental involvement was something that initially seemed to be frowned upon by the interviewees. However, based on the data, a likely conclusion is that investors of CCs are not against government regulation and involvement, however, they are very much against the fact that governments are hostile towards CCs. So, instead of trying to prevent CC investments and CC development, the data suggests that investors want the government to adopt and accept CCs. The data also leads us to believe that this would increase the personal use of CCs in our everyday life.

The future of CCs looks to be bright according to the relevant data. The data shows that the adoption of CCs seems to increase. However, the likelihood of having CCs implemented in everyone's life any time soon seems low. With the data gathered, a conclusion can be made that in order for CCs to be integrated into our everyday life, it is necessary for companies, governments, and people in general to accept, adopt, and understand CCs more than they do now.

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Appendix 1

Interview Consent Form

Research project title: Factors affecting the private investments in cryptocurrency.

Thank you for participating in this research project. Ethical procedures for academic research require that interviewees explicitly agree to be interviewed and how the information contained in their interview will be used. This consent form is necessary for us to ensure that you understand the purpose of your involvement and that you fulfill the conditions required of your participation. Please read the following points and then sign this form to certify that you fully understand the purpose and procedure of this project:

- the interview will be recorded and a transcript will be produced.
- you will be sent the transcript and given the opportunity to correct any factual errors.
- the transcript of the interview will be analyzed by the research investigator.
- access to the interview transcript will be limited to Charlie Magnusson and Tom Stenberg as well as academic colleagues and researchers with whom they might collaborate as part of the research process.
- any summary interview content, or direct quotations from the interview, that are made available through academic publications or other academic outlets will be anonymized so that you cannot be identified, and care will be taken to ensure that other information in the interview that could identify you is not revealed.
- the actual recording will be destroyed within five years after the thesis is submitted and approved.
- any change of the conditions above will only occur with your further explicit approval.
- The interview will take approximately half an hour to an hour (30-60min).
- There is no immediate risk associated with your participation, it is voluntary participation and you have the right to stop the interview or withdraw from the research at any time.
- There is no benefit or payment associated with your participation.
- You have the chance to ask any questions you might have, and you are free to contact the researcher with any future questions or concerns.

By signing this form I agree to participate;

Printed Name _____

Participants Signature _____

Date _____

Appendix 2

Interview Guide

Pre interview:

- Ask if ok to start recording - start recording
- Start interview by reading consent form / giving consent form
- Get a verbal consent / signature

About you

- Gender
- Age
- Level of education (highest completed)
- Main occupation today?

Current investments

What type of investments are you making today?

- Stocks
- Funds
- Certificates
- Savings account with interest
- FOREX (USD, EUR, etc.)
- Cryptocurrencies (BTC, ETH, etc.)
- Digital assets (NFTs or virtual land)
- Property
- Minerals (gold, silver, zink, etc.)

Risk

- How well-informed are you about your investments?
- How well-informed are you about the market?
- How do you evaluate the risk of CC?
- What, if applicable, were/are some of the main concerns that initially prevented you from investing in CC or prevented you from investing more?

Your investments in crypto

- When did you first invest in crypto?
- How did you invest in cryptocurrencies?
 - o Certificates (via Avanza for example)
 - o Crypto exchange (binance, coinbase, etc)
- What cryptocurrency do you own today? What has been your main CC investment?
- How much of your total portfolio is in cryptocurrencies?
- How would you adjust the ratio of CC in your investment portfolio?

Hedging

- Do you see Cryptocurrencies as a way to hedge/diversify a portfolio? Why?
- How do you believe it compares to typical hedging commodities such as gold?

Government

- What do you think about the government's role in the CC market?

Companies

- Tesla is one of the most crypto-friendly companies, is heavily invested in BTC, accepts crypto payments, etc. Does company investment/engagement like this in CC affect your investments?

Bubble/speculation

- How do you think the pricing of CC is determined on the market? Potential influence from influential people, online communities, companies, etc.?
- In 2018 the price of Bitcoin dropped by 80%, a drop that was worse than the dot-com bubble. In late 2021 it hit a new all-time high. What is your opinion on the volatile nature of cryptocurrencies? And how do you adjust your investments in the event of significant decline?
- What do you think would make the crypto market more stable?

The future of cryptocurrencies

- What is your opinion on government-issued digital currencies?
- Where do you see cryptocurrencies in 5 years? How important will its role be in everyday society?