



The State of Cryptocurrency

Consumer's habits, attitudes and outlook on
cryptocurrency in Africa

JUNE 2023

OVERVIEW

The State of Cryptocurrency in Africa report highlights the importance of understanding consumer trends in Africa to unlock growth opportunities for crypto players. By gaining insights into the preferences and behaviors of African consumers, crypto players can strategically position themselves, identify areas for innovation, and tailor their marketing strategies to meet the unique needs of the African crypto market.



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EXECUTIVE SUMMARY

Consumers in Africa are aware about Crypto but only a portion of the population owns these assets. Based on our research, the damage cause by the fallout of FTX and Crypto should have a limited impact in Africa. Unfortunately for those who invested in Crypto, the losses are significant. Despite the bearish sentiment, leaders and stakeholders in Africa can no longer ignore digital assets.



Combining research from Kasi Insight's Consumer Intelligence and Economic Intelligence teams, this report offers a comprehensive, unparalleled overview of consumers' opinions on cryptocurrency in 21 countries in Africa.

There are often many assumptions made about Africa and Africans. And yes, while the lack of education, jobs, and adequate infrastructure continues to plague the continent, not everything you've heard about Africa is true.

Take Kenya. It's often touted to be the 'Silicon Valley of Africa' however, our data tells a very different story when it comes to crypto. African respondents showed that crypto adoption and usage rates in Cameroon -- a country seldom mentioned in the same sentence as the word "technology" -- are higher.

So, we set out to understand what Africa's relationship with crypto really looks like.

We examined the awareness and adoption of crypto across genders, generations, and income levels. We also learned about how educated Africans are about cryptocurrencies and related technologies, what their purchase drivers are, and how risky Africans think investing in crypto is in comparison to the stock market. This report also includes a view of crypto awareness and adoption by country and provides key takeaways that challenge other misconceptions about Africa.

KEY TAKEAWAYS

1 Country size & tech startup ecosystems are not major influencers

Kenya, while often dubbed the 'Silicon Valley of Africa', isn't as prominent a participant in the African crypto market, and neither is South Africa. Instead, we've seen that poorer countries have higher adoption, awareness, and usage, as shown by Namibia and Angola.

3 Smart segmentation must be applied

Having identified a large knowledge gap in the African market, and the correlation between income and education, marketers should consider income levels when segmenting audiences across the continent. Identifying audiences by income range, and other related characteristics, could make it easier to deliver targeted messaging based on audience knowledge and intent.

Education will also create more informed investors who understand the risks and value of cryptocurrencies, and how to identify the best investment opportunities. Education is especially important as Africans are using crypto as an asset class to fund retirement or form part of an inheritance for their families.

2 Trust matters & could be wildly rewarding

As Africans are more likely to invest in crypto if an opportunity is presented by a friend, colleague, or family member, well-designed and executed marketing initiatives are essential for reaching wider audiences.

4 Government support is essential

Given that only 7 of the 19 nations surveyed currently have pro-cryptocurrency legislation, it's evident that government support is a key factor in cryptocurrency adoption and education.

Companies and marketers in the cryptocurrency industry stand to benefit from a clear understanding of legislation around crypto assets and should consider developing relationships with local authorities to generate more awareness and influence favorable regulation.

AWARENESS

No stranger to Africa

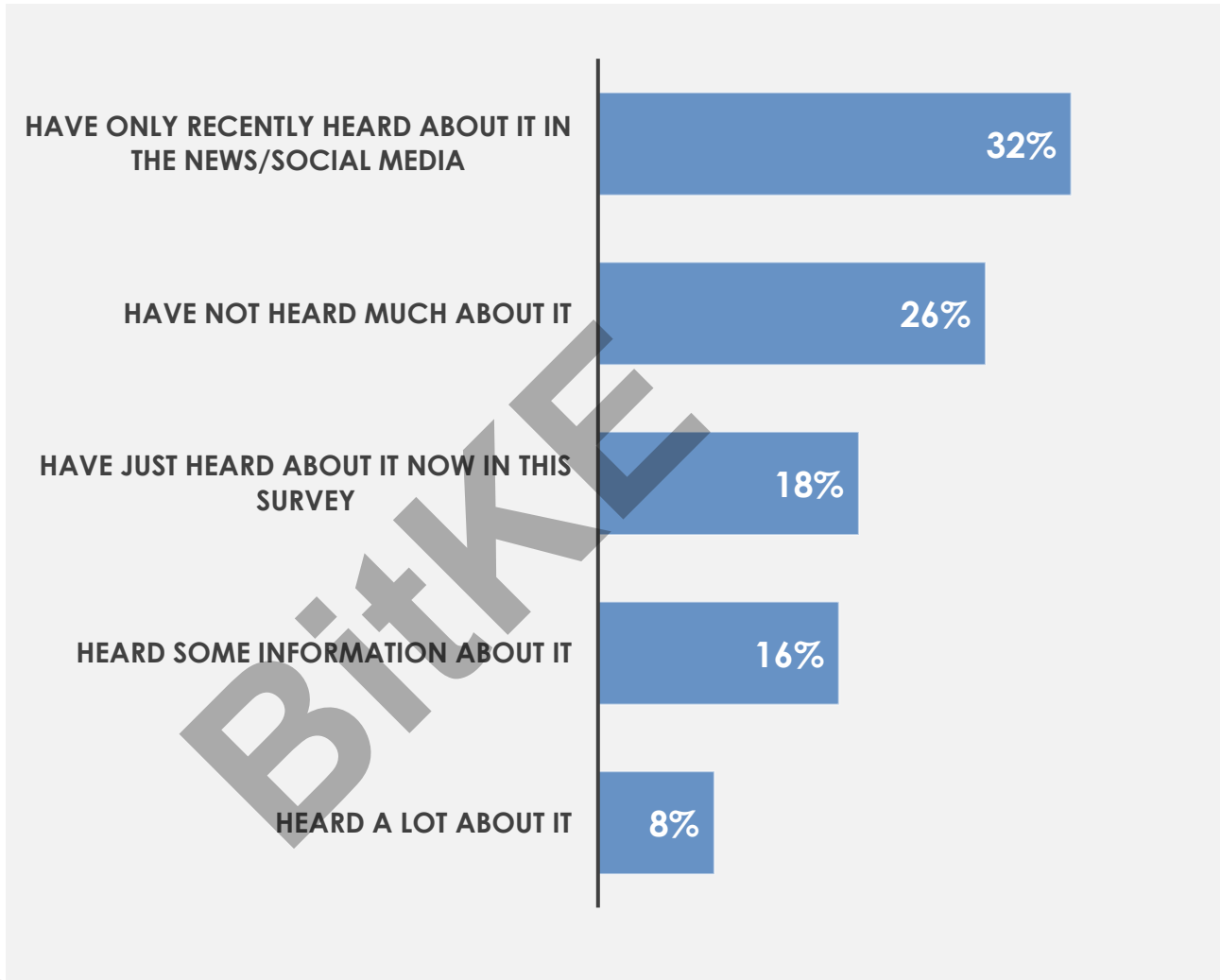
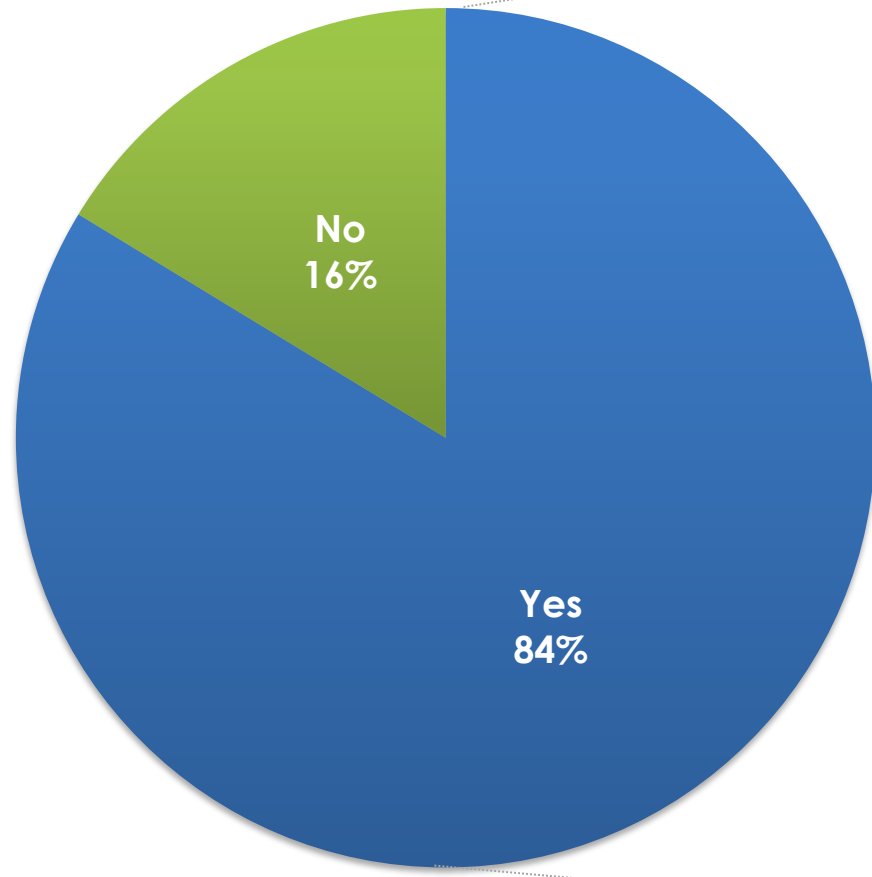
66% of African consumers surveyed have heard of Crypto

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Cryptocurrency awareness is high and growing in Africa

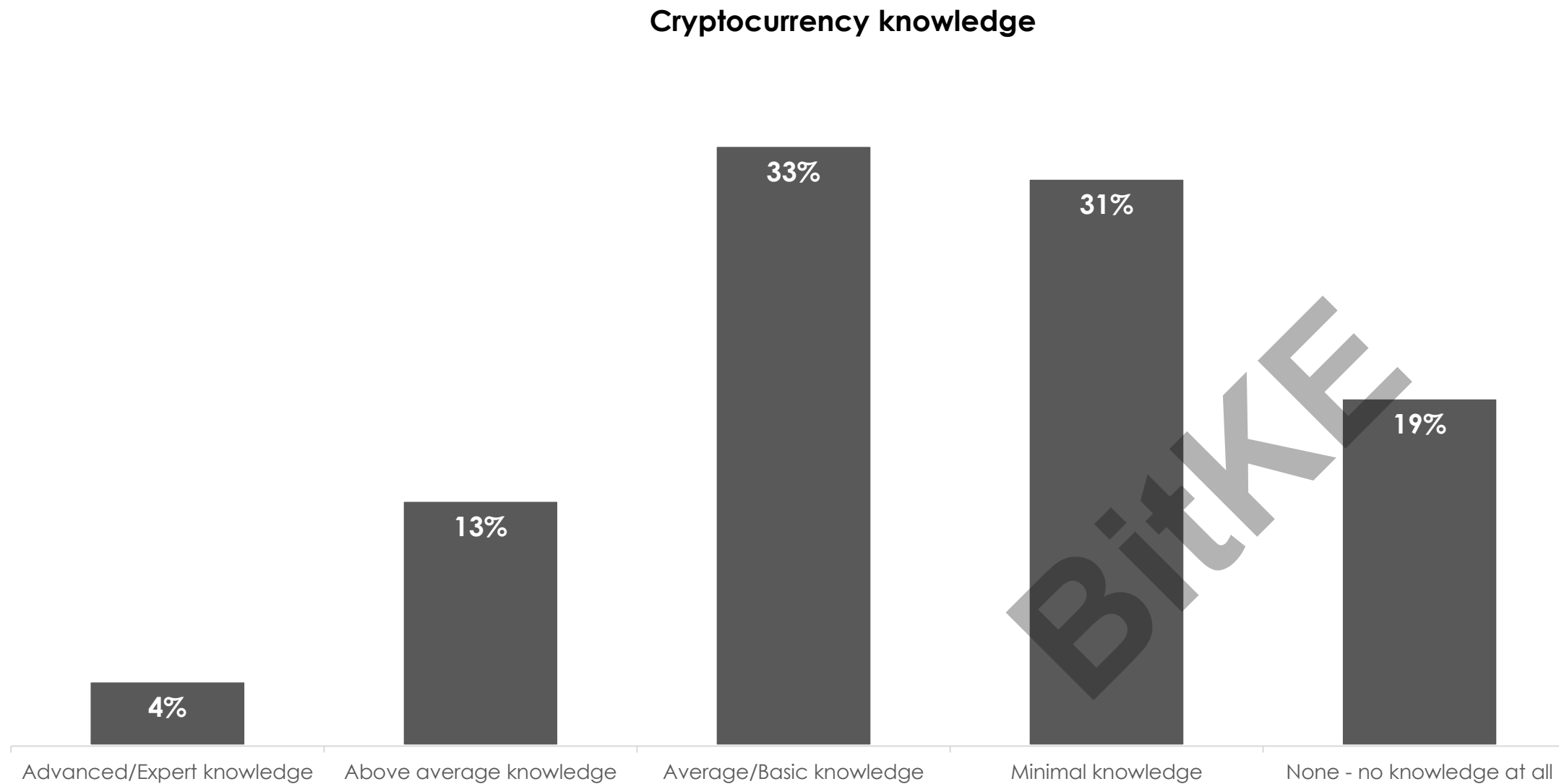
Cryptocurrency awareness



Respondents across Africa are relatively aware of crypto; however, they seem to be investing in the asset class. We found that while 66% of Africans have been exposed to crypto, with a sizable 32% attributing their awareness to social media, 18% first heard of crypto when taking our survey. In comparison, 8% of our respondents cited a considerable amount of exposure to crypto.

Survey conducted monthly among a representative sample of 9,762 adults from 19 countries in Africa, with an unweighted margin of error of up to +/-2 percentage points.

But actual knowledge of the assets is average to low



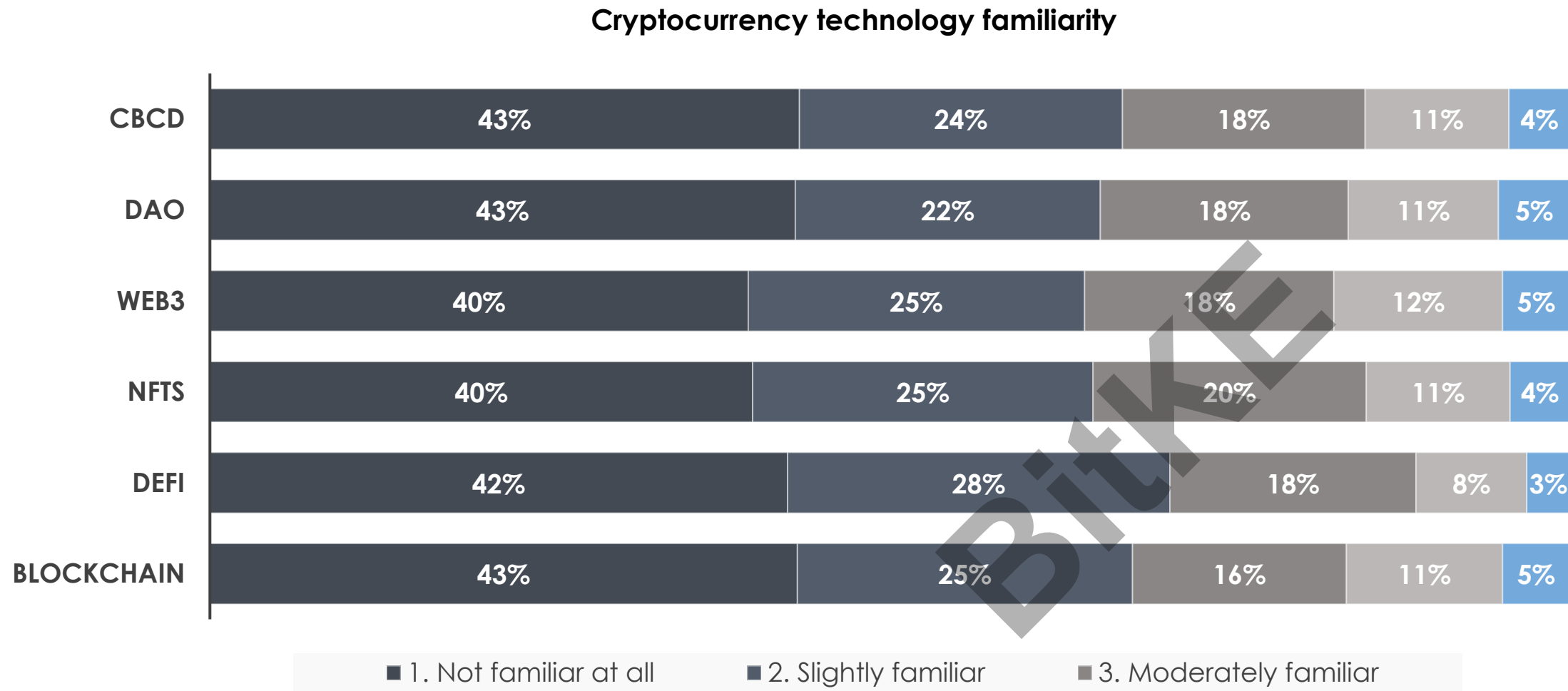
Survey conducted monthly among a representative sample of 9,762 adults from 19 countries in Africa, with an unweighted margin of error of up to +/-2 percentage points.

Despite less than 50% of African countries surveyed having adopted pro-cryptocurrency legislation, half of the respondents expressed basic- to expert-level understandings of cryptocurrencies. In contrast, 31% have below minimal knowledge and 19% have no knowledge of cryptocurrencies at all. Advanced and above-average-knowledge respondents formed 4% and 13% of our pool of respondents, respectively, showing potential for more Africans to become more knowledgeable about the asset class.

The Education Opportunity

Given the limited knowledge Africans have about crypto, education will serve as a valuable tool to drive awareness and adoption. Although internet penetration is a continued challenge in Africa, social media adoption will play a major role in the quick and easy distribution of information and marketing campaigns.

Combined with low familiarity with the Cryptocurrency technologies



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Africans are aware of Web3 currencies, but there's a notable lack of awareness about various types of technologies that govern the crypto space. Terms like blockchain, DAO, CBCD, and others, are relatively unknown, hinting at an opportunity for marketers to provide clearer and more accessible education on these are other Web3 currencies.

OWNERSHIP

A largely untapped market

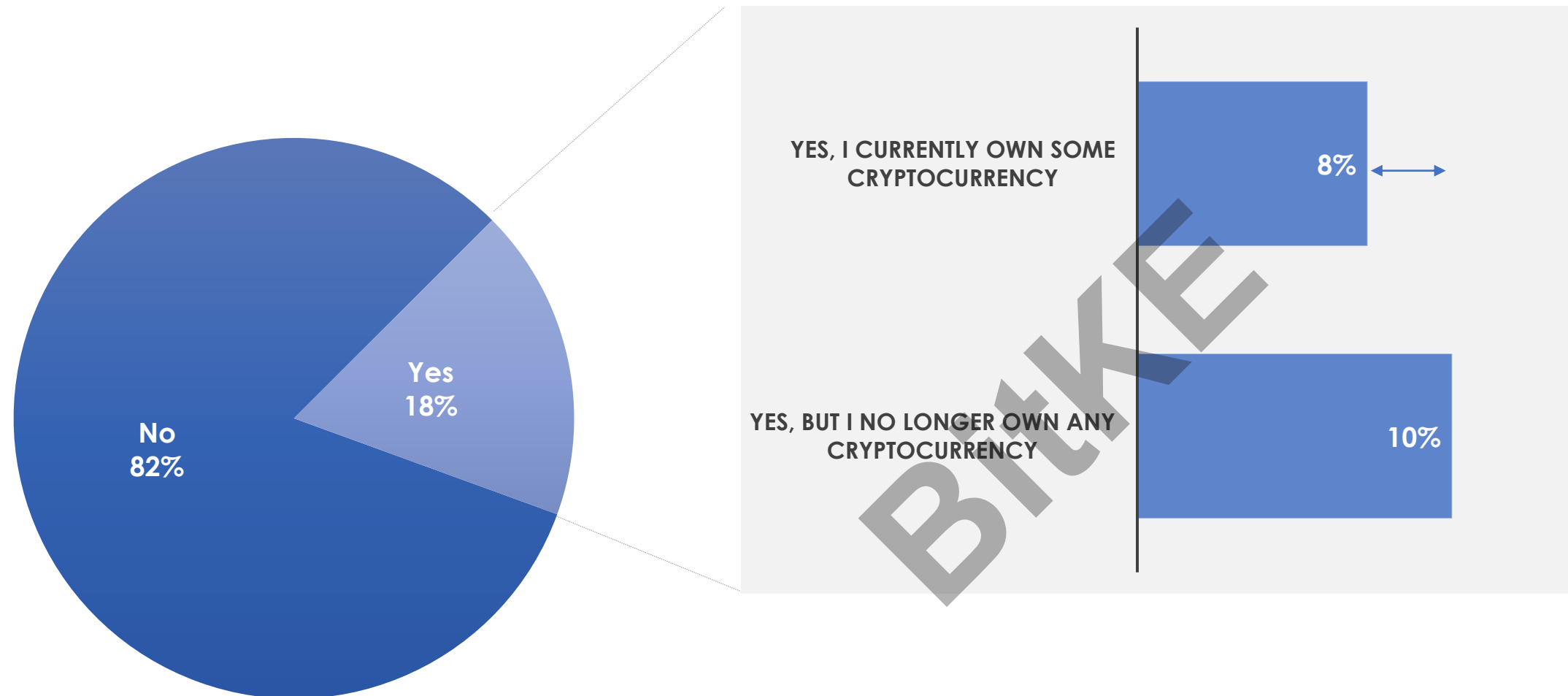
82% of Africans have never owned crypto

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Market penetration of Crypto is low and decreasing

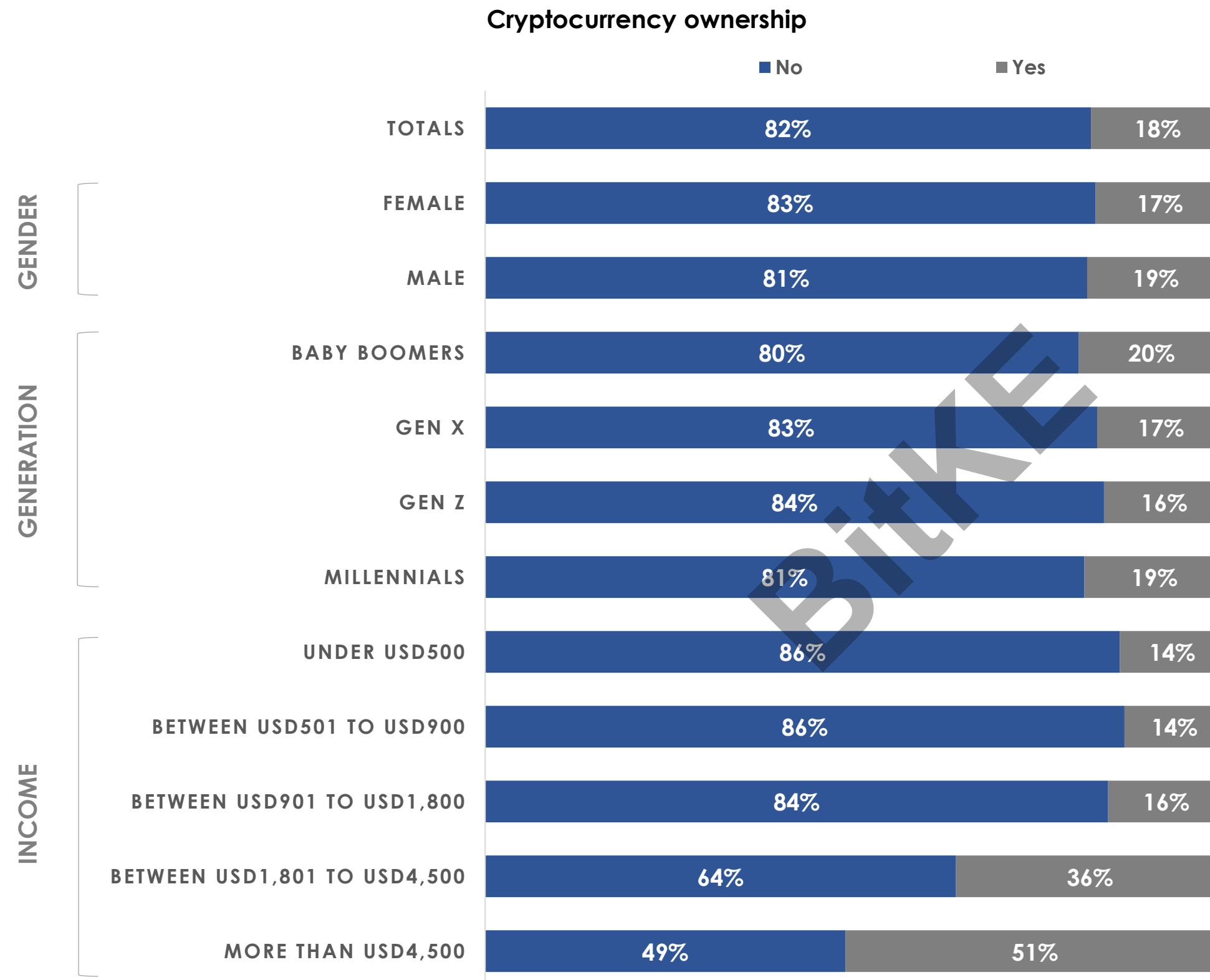
Cryptocurrency ownership



Africa appears to be wading through a less-than-committed phase in its relationship with crypto. When asked whether they owned crypto, only 8% of respondents confirmed that they are in possession of crypto. We also learned that a further 10% had owned crypto, but currently do not. At present, 82% of Africans have never owned crypto.

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And high-income earners are most likely to own Cryptocurrency in Africa



High-income earners are most aware
 Income plays a strong role in the ownership of crypto in Africa. We found that 25% of respondents earning less than \$1800 own crypto, while that number more than triples, at 87% for those making \$1801 to \$4500 and more.

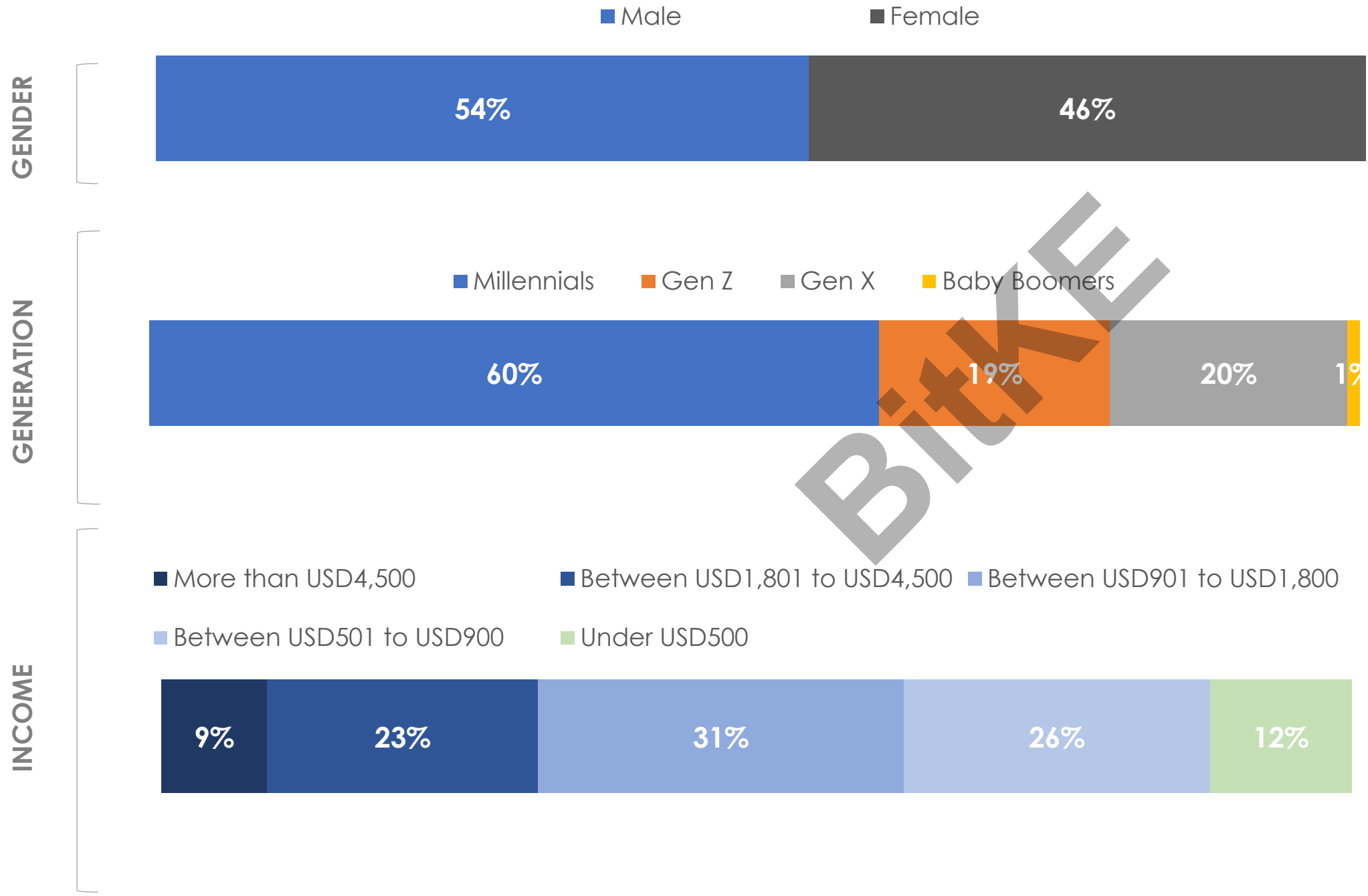
More men own crypto -- marginally
 When gauging crypto adoption between male and female respondents, we learned that 19% of men invested in crypto compared to 17% of females.

Boomers are winning
 Comparing crypto ownership across generations, Boomers outpacing Gen X, Millennials, and GenZ. Boomers led with 20% adoption, followed by Millennials with 19%, and GenX and GenZ with 17% and 16% respectively.

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Crypto investors are mostly male, millennials and high earners

Cryptocurrency ownership

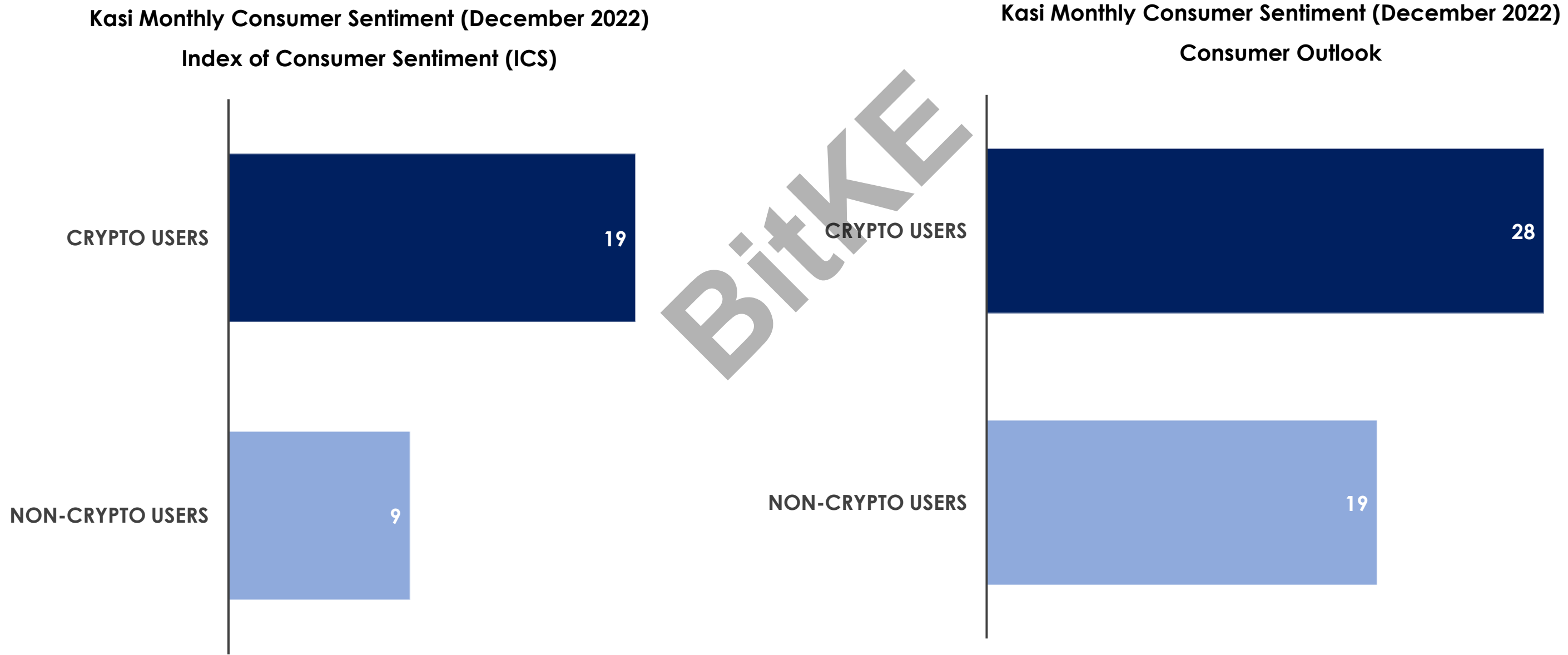


Of the pool of respondents who are crypto investors, 54% of men own crypto compared to 46% of women. When examined across generational cohorts, crypto ownership shows that Millennials lead the pack. They own 60% of crypto in Africa, where GenX accounts for 20% ownership, followed by GenZ with a 19% stake and Boomers at just 1%.

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Consumer sentiment is high among crypto owners

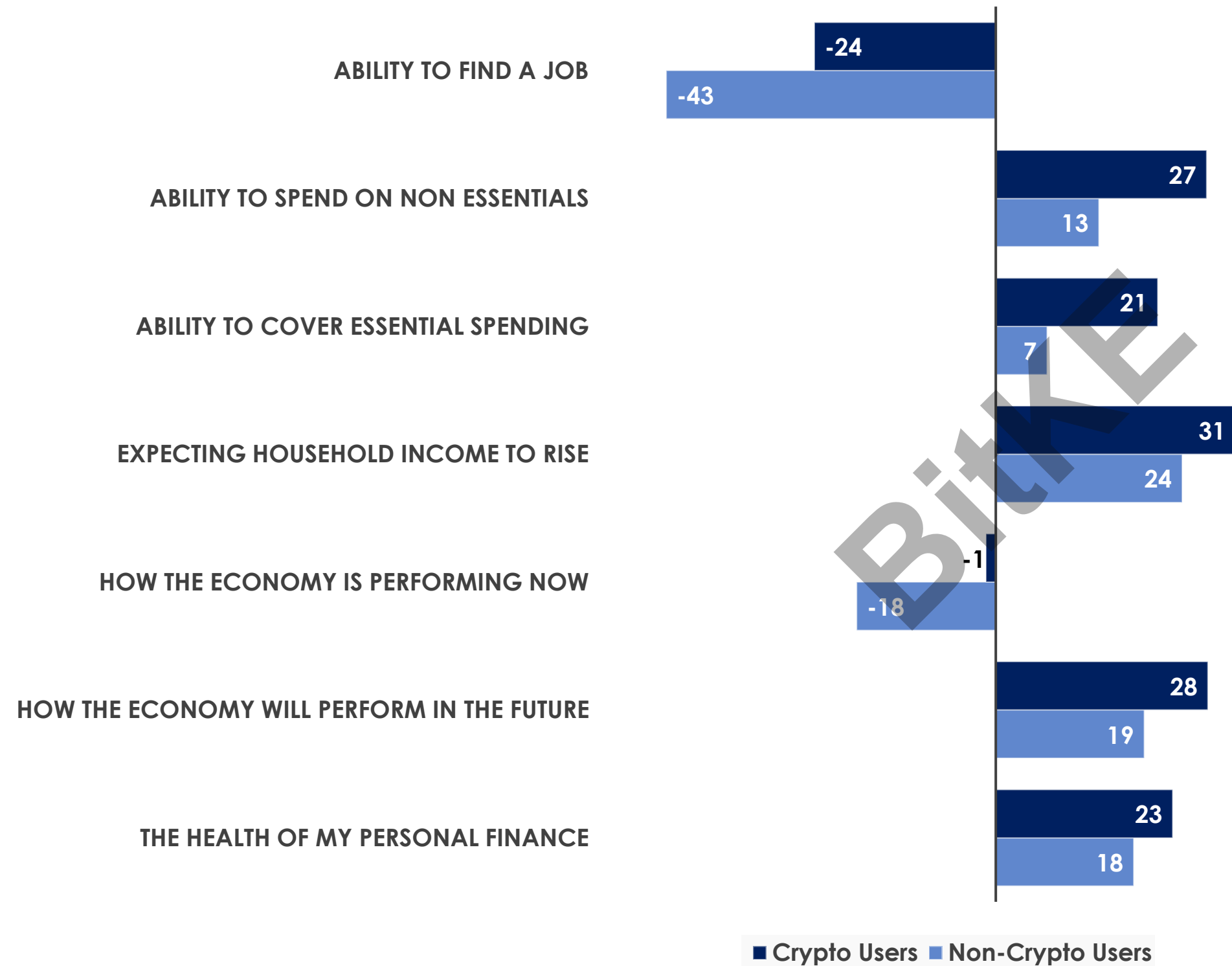
Despite a severe downturn in the crypto market, along with FTX's demise, crypto, and non-crypto users are upbeat. Kasi Monthly Consumer Sentiment for December 2022 shows our crypto user audience measured +19 that they are positive about crypto, compared to a smaller, but notable, +9 of non-crypto users. In general, crypto users appear to embrace a more positive outlook, overshadowing non-crypto user sentiment by 9 points.



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Crypto owners enthusiastic about every aspect of their finances

Kasi Monthly Consumer Sentiment (December 2022)



A lack of jobs is still a major hurdle for Africa; however, crypto users prove more optimistic than non-crypto users. And when questioned on several other areas such as the ability to spend on non-essential, the expectations of an increase in household income, how the economy will perform in the future, and the health of their personal finances, crypto user sentiment eclipsed that of non-crypto users.

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DRIVERS

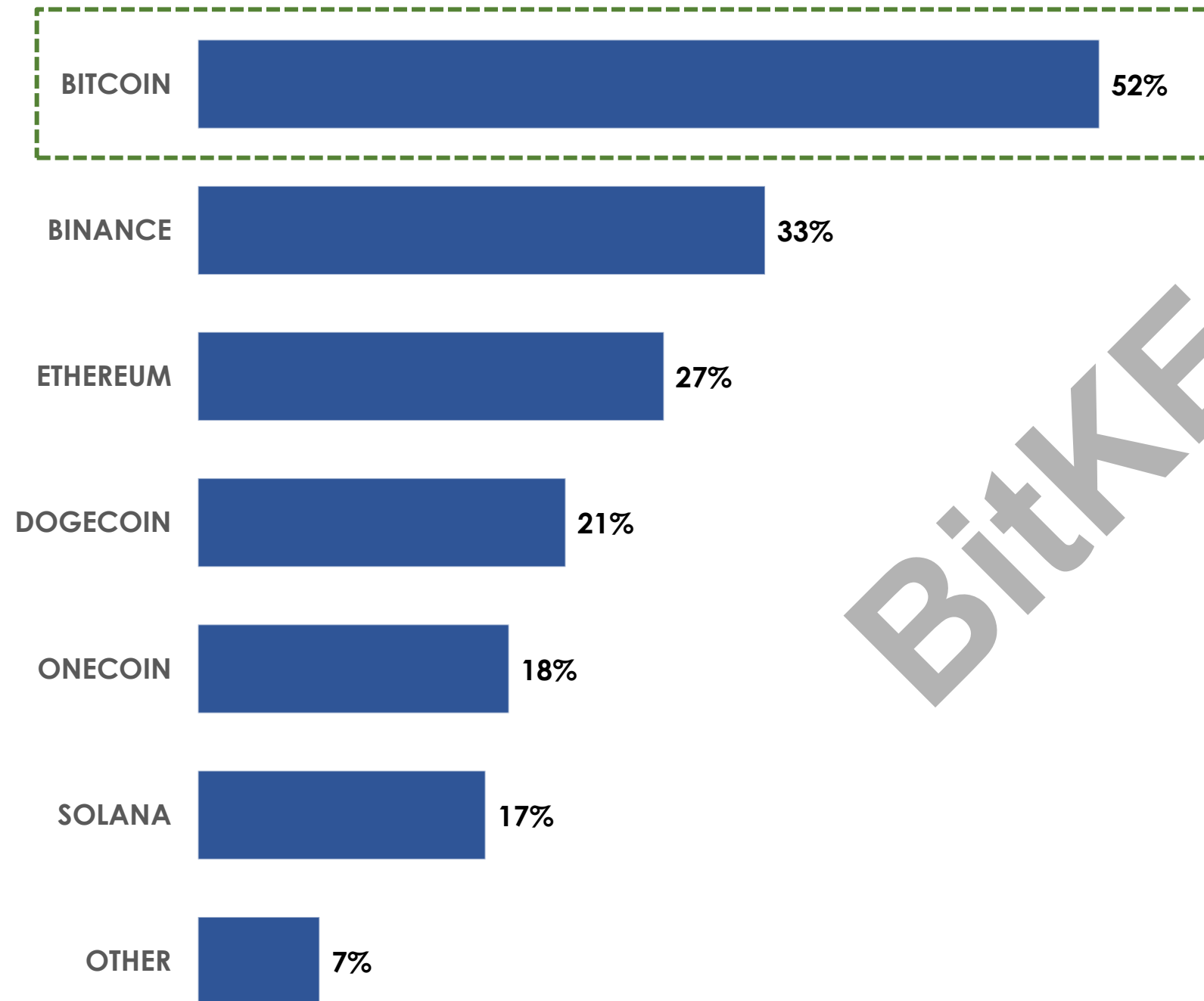
Bitcoin, high returns and diversification

More than 50% of Crypto investors own Bitcoin



Bitcoin is the most popular asset followed by Binance

Share of cryptocurrency owners that own each, December 2022:



Survey conducted monthly among a representative sample of 1,702 crypto owners from 19 countries in Africa, with an unweighted margin of error of up to +/-2 percentage points.

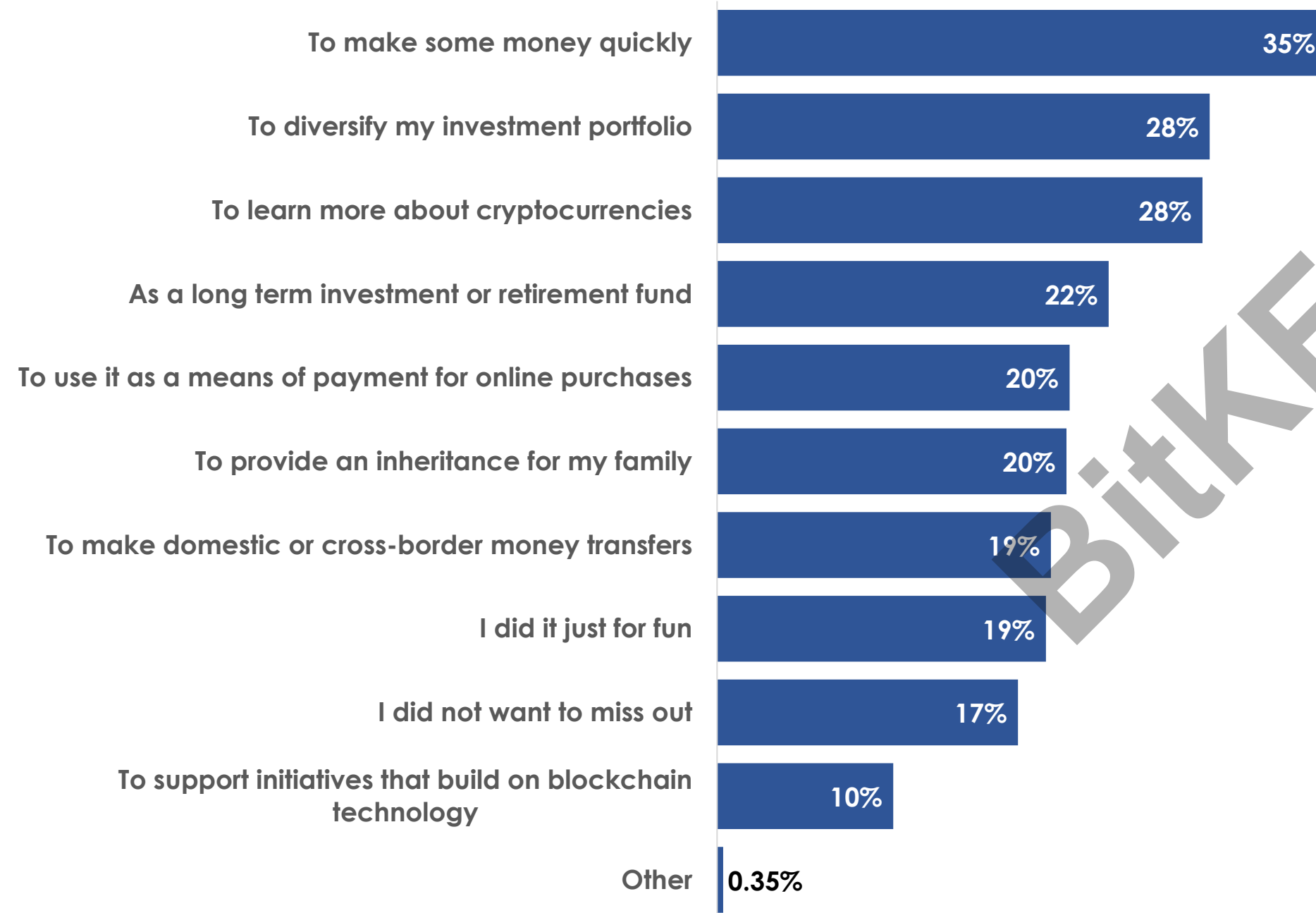
Bitcoin is almost synonymous with cryptocurrency, and for Africans, it appears to be the most popular bet when investing in crypto. 54% of Africans report owning Bitcoin, with Binance trailing behind with 33% adoption.

Ethereum, Dogecoin, and Onecoin are battling it out in the mid-field with 27%, 21%, and 18% adoption, respectively. Solana accounts for 17% of the African crypto market, followed by lesser-known assets claiming 7% market share.

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Crypto owners are in it for a quick return and diversification

Share of cryptocurrency owners that own each, December 2022:



Quick returns

A third of crypto owners invest to make money quickly. This has been the hallmark of crypto assets over the last 4 four years. Between 2011 and 2021, Bitcoin returned 230% compared to 20% US Nasdaq or 1.5% for Gold.

The rise of crypto and major runs experienced with Bitcoin attracted more investors with small amounts to deploy. Unlike more common or traditional assets, the returns cannot be directly linked to or driven by fundamentals altogether but are more influenced by excess liquidity provided by central banks around the world that drive supply and demand.

Diversification is desirable

28% of African crypto owners cite diversification as a reason for investing in crypto, highlighting a keen interest in developing a broader, more informed financial portfolio. When asked what other drivers contributed to a decision to invest in crypto, 22% mentioned a desire to invest long-term and towards retirement, while 20% want to provide an inheritance for their families.

FOMO

Interestingly, crypto hype is driven by FOMO, with 17% of respondents sharing that they only invested because they didn't want to miss out on the opportunity.

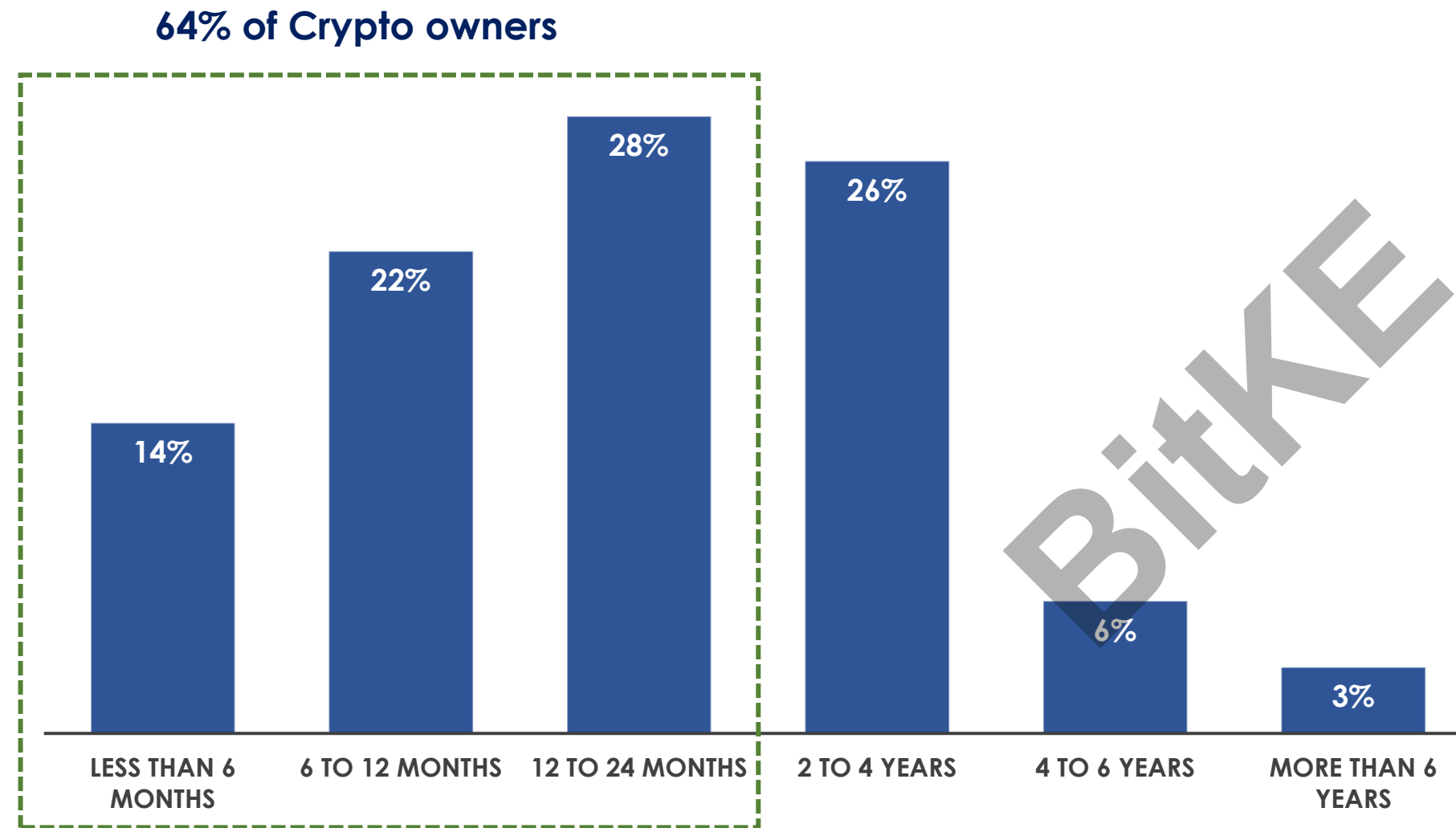
Tech supporters

Enthusiasm for cryptocurrencies and blockchain technology is also shared by Africans. 10% of our pool of respondents have invested in crypto to champion initiatives that build on blockchain technology.

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Majority of crypto owners held their asset for less than 2 years

Share of cryptocurrency owners that own each, December 2022:



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Short-term holding is common

Only 3% of respondents have held crypto for more than 6 years. This number climbs to 6% for those who have held crypto assets for 4 to 6 years, and 26% for investors that have held for 2 to 4 years.

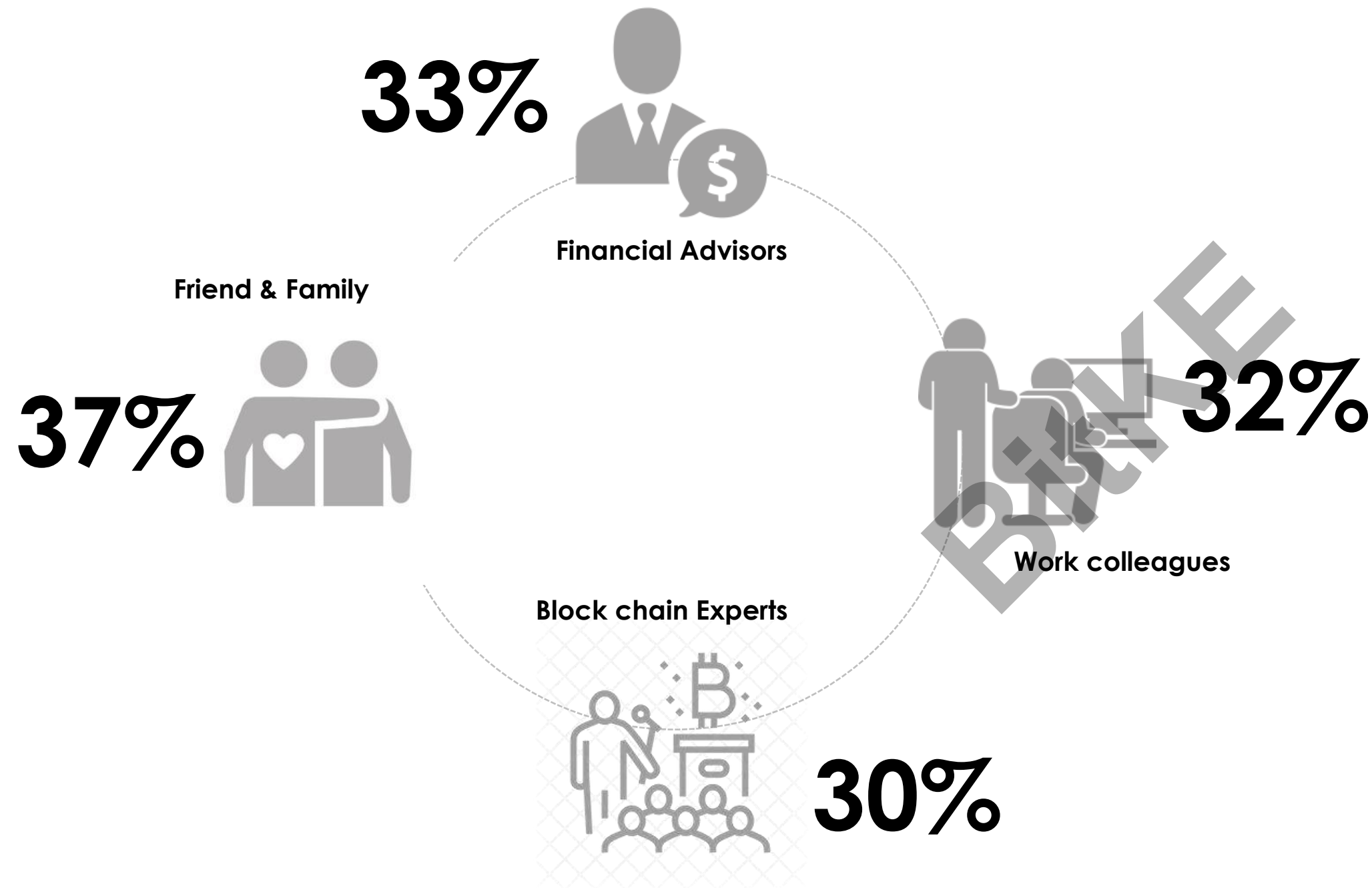
The 12 to 24-month window appears to be popular, with 28% of investors citing this as their window for buying and selling. 22% exercise a 6 to 12 months ownership cycle, followed by 14% who hang onto crypto for less than 6 months.

COVID-triggered behavior

COVID could be considered a factor of influence that led to 12 to 24-month investor behavior. As news of the pandemic took over the world in early March of 2021, major crypto assets like Bitcoin and Ethereum saw large bullish runs, appreciating by over 50% and 100% respectively -- signs of new money entering the market looking to make quick returns.

They are willing to get "profession advice" from anyone

Share of cryptocurrency owners who started investing based on the advice of:



Like most investing opportunities, personal relationships play a major role. 37% of new investors enter the market based on recommendations from friends and family, while 32% attribute their investment choices to work-colleague interactions.

Professional and expert advice is, however, just as valuable. 33% of our audience cited that they turn to financial advisors for advice, whereas 30% look to blockchain experts for direction on what to invest in.

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OUTLOOK

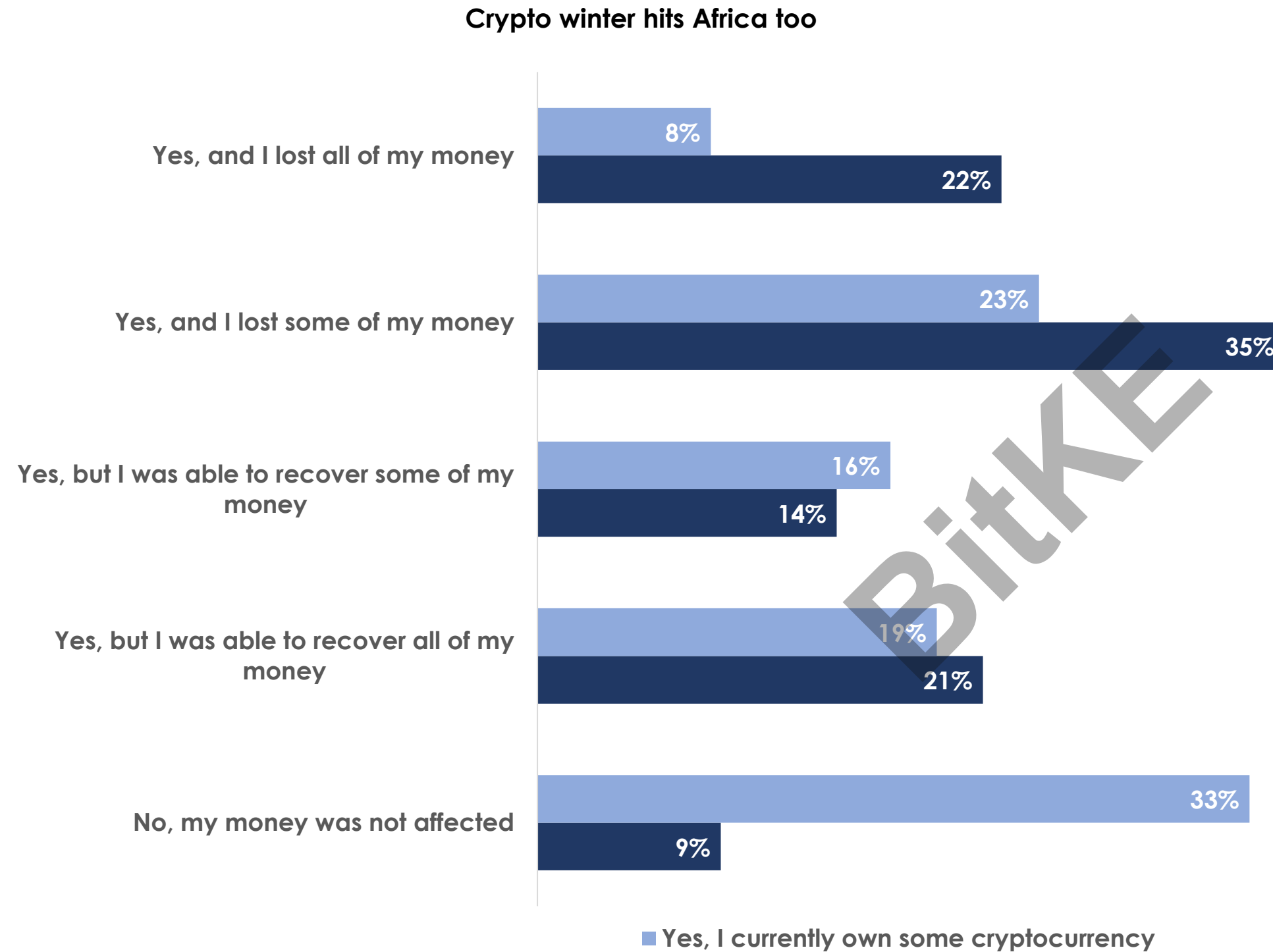
Sentiment is bearish

49% of adults in Africa distrust crypto

BIUYE



The Crypto winter is real in Africa too



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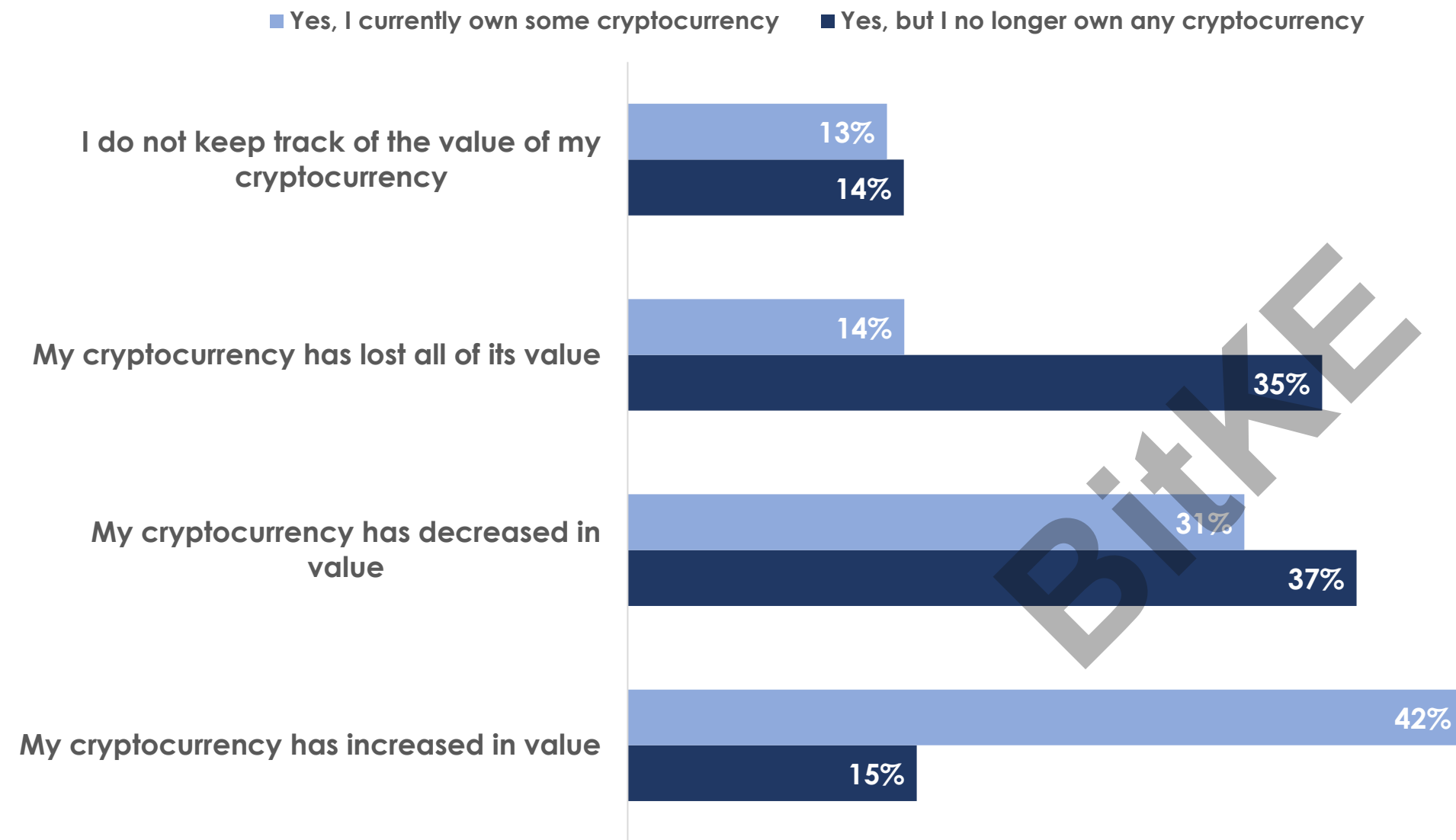
A market-wide crypto downturn that began between April and May of 2021 has produced a mixed response from African crypto investors. We asked respondents to reply to a series of questions and indicate whether they are still holding crypto or not.

When asked if they had lost money, 22% lost their investment and have not reinvested in the crypto market, while 8% report to have lost some money, but are still holding assets.

Only 16% of respondents were able to recoup their investments and still hold crypto, and 14% were unable to regain lost investments and no longer own any crypto.

Comparatively, when asked if they had not lost any money, a larger 33% reported to have not been impacted by the downturn at all, whereas 9% were and no longer hold any crypto.

A depreciating asset for current holders and previous holders



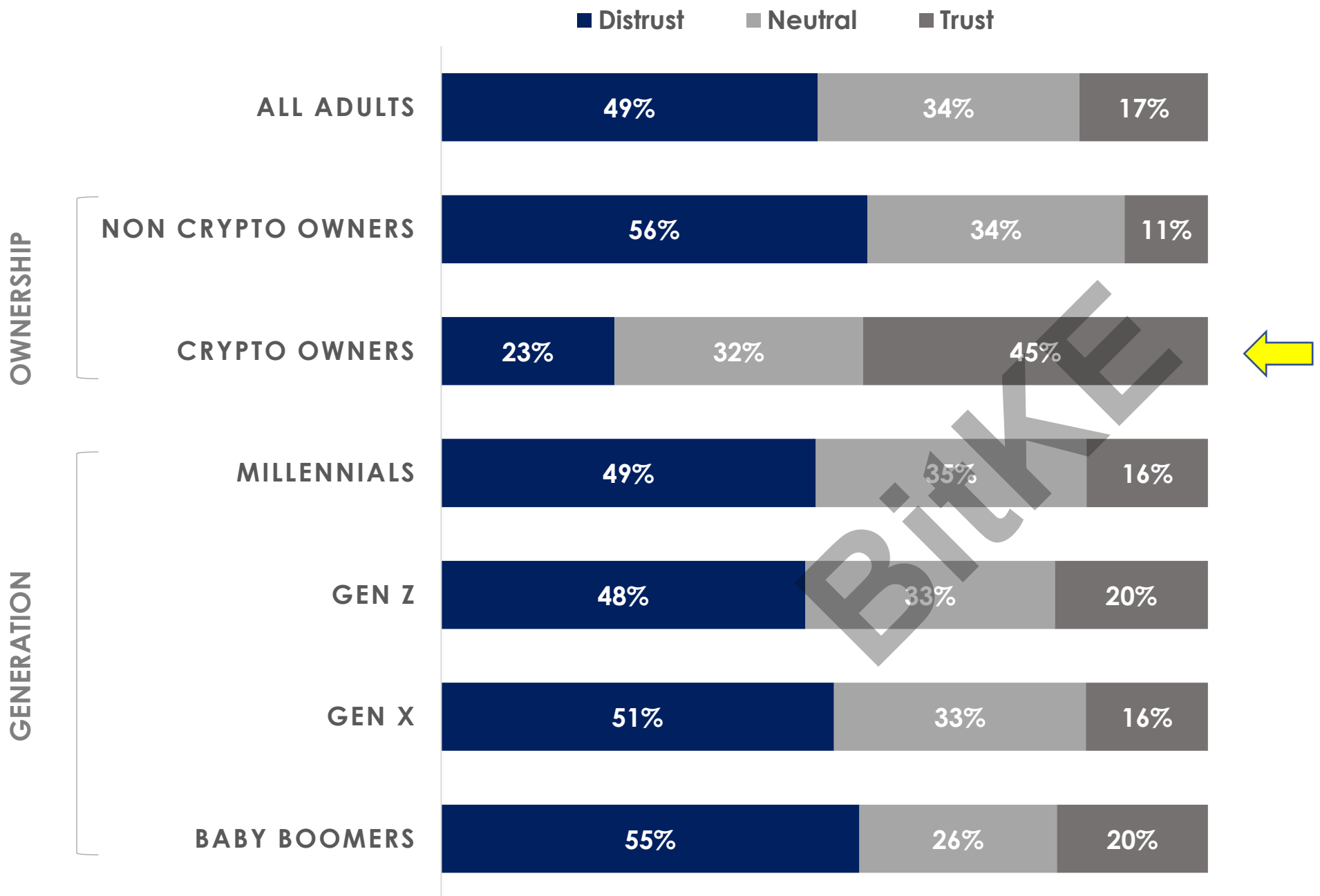
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In light of the impact of a bearish market, we asked our audience to comment on several questions related to how they determine the value of crypto and share if they are current investors or not.

When asked if their investments had lost all value, 14% who still hold crypto agreed compared to 35% who no longer hold crypto.

When asked if their investments had appreciated in value, 42% who owned crypto agreed compared to 15% who no longer own crypto.

Making Crypto a hard sell to new entrants due to lack of trust



Sentiment towards crypto over the next 5 years showed that just 17% of adults trust crypto, whereas 34% are neutral and 49% distrust the asset class.

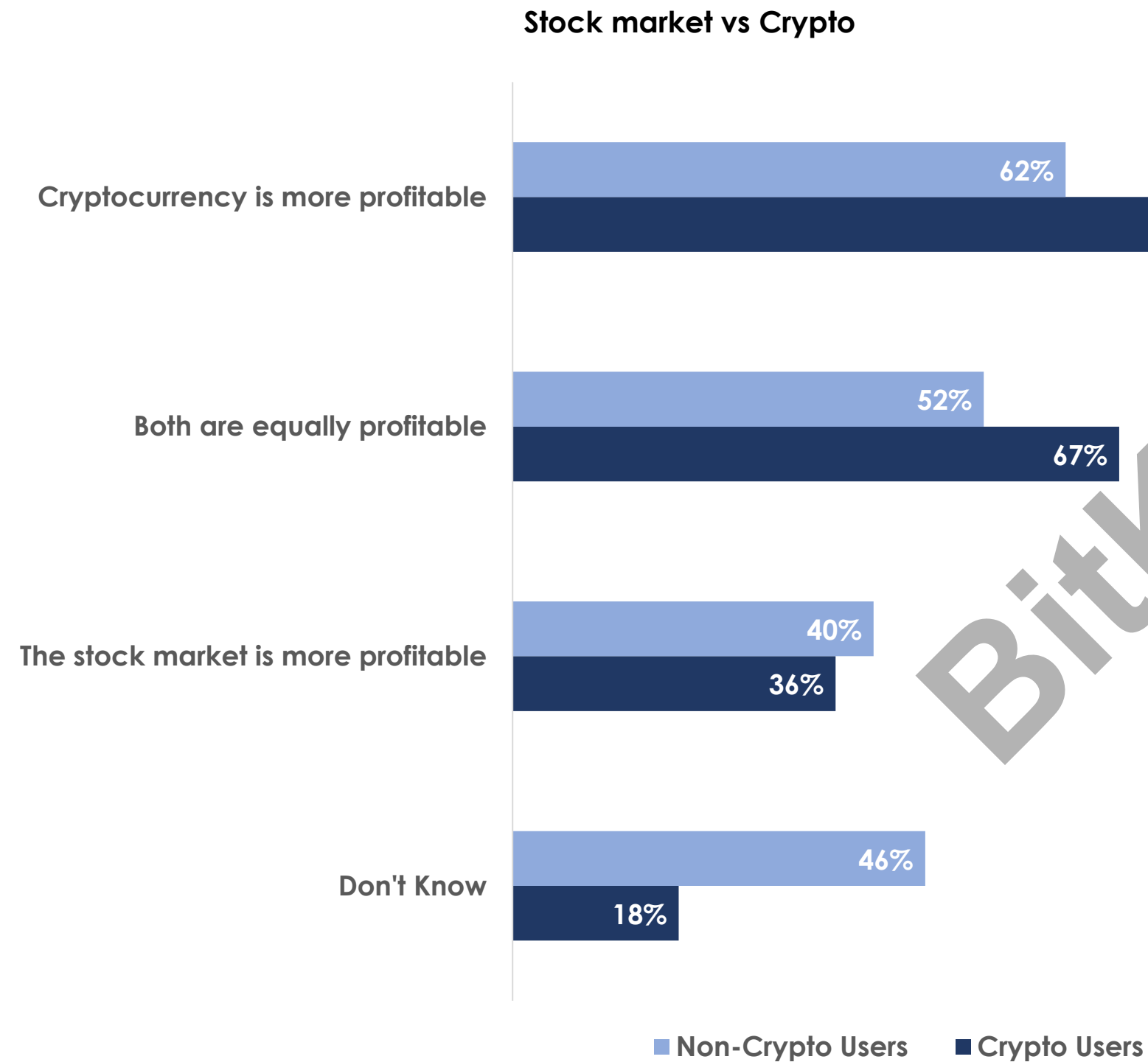
56% of non-crypto users distrust crypto in contrast to 11% who do, and 34% who are neutral.

A strong 45% of crypto investors trust the asset class, where 32% are neutral and 23% appear to have lost their bullish sentiment.

When considered across the generational landscape, Boomers are most distrustful of crypto, followed by GenX, Millennials, and GenZ.

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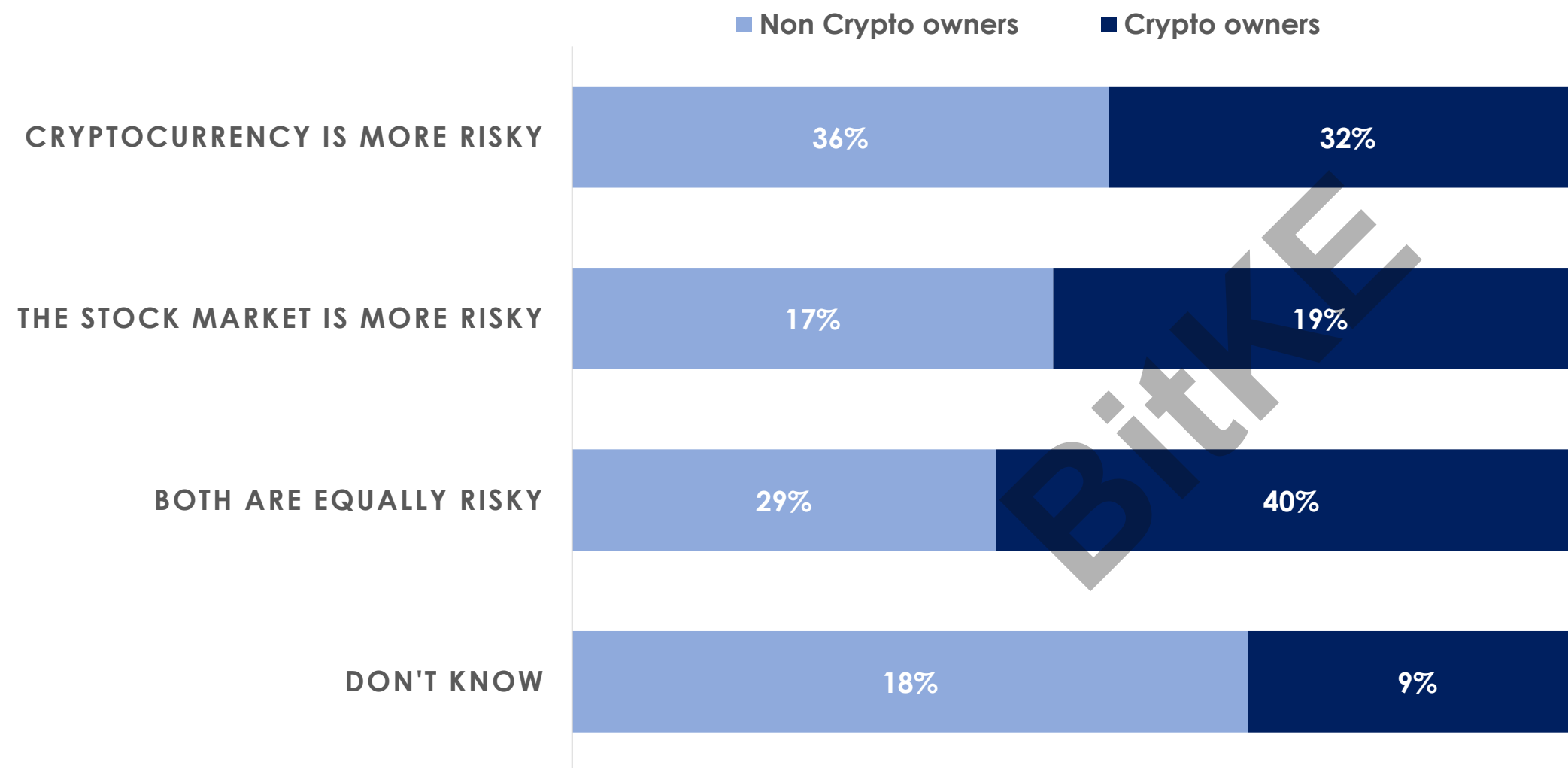
But Crypto seems to be more accessible than stock



Africans have developed an affinity for crypto, favoring it over the stock market. When asked if crypto was more profitable we found that 78% of crypto investors and 62% of non-crypto investors believe it to be a more profitable asset class. When asked if stocks were more profitable, 36% of crypto investors and 40% of non-crypto investors believe the stock market to be more profitable.

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Despite the higher perceived risk of Crypto compared to stocks



While interest in the stock market is less appealing than crypto, Africans are aware of the inherent risk of both markets. 36% of non-crypto investors and 32% of crypto investors see crypto as a more risky investment opportunity than stocks. In contrast, 17% of non-crypto investors and 19% of crypto investors think that stocks are riskier.

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PREDICTION

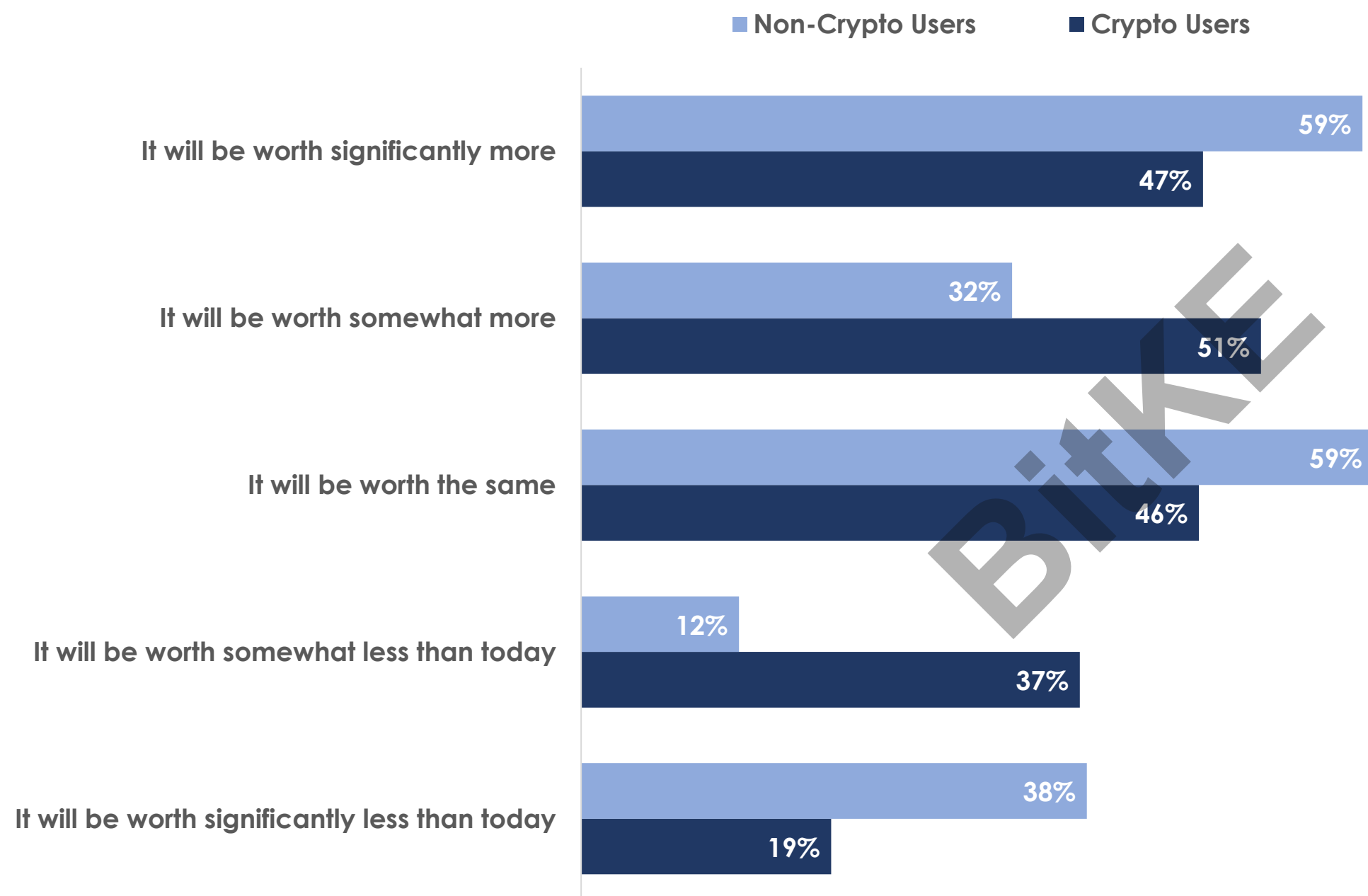
Floor and slow growth

49% of adults in Africa distrust crypto

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Current Crypto sees a floor while past owners feel the bottom is ahead



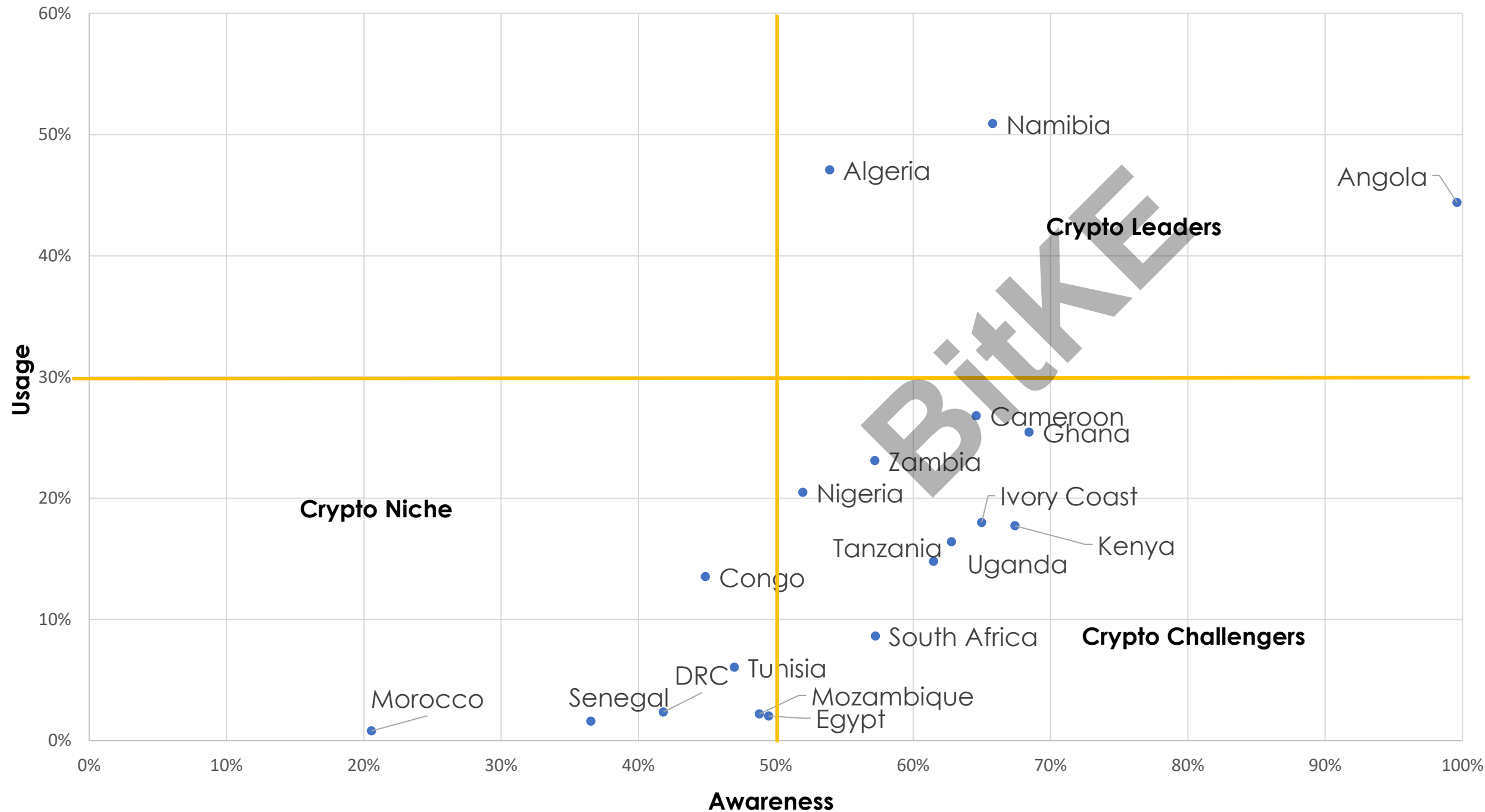
Predicting where the crypto market may go in the next 5 years appears to be somewhat of a mixed bag for crypto and non-crypto users. 59% of non-crypto users believe that the asset class will appreciate, in comparison to 47% of crypto users.

On the other side of the spectrum, 38% of non-crypto users believe that the asset class hasn't quite found the floor and 19% of crypto users agree.

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Angola, Namibia and Algeria lead in cryptocurrency adoption. Surprisingly, Nigeria is not in the leader's pack

Cryptocurrency usage and awareness



Angolans are most-aware

Awareness in Angola is highest, with 100% of respondents citing familiarity with cryptocurrency. Angola's familiarity is supported by the Angolan Central Bank which has passed regulations in favor of crypto assets.

Given that only 7 of the 19 nations surveyed currently have pro-cryptocurrency legislation, it's evident that government support is a key factor in cryptocurrency adoption and education. Companies and marketers in the cryptocurrency industry stand to benefit from a clear understanding of legislation around crypto assets and should consider developing relationships with local authorities to generate more awareness and influence favorable regulation.

Namibians use crypto most

Surprisingly, Namibia, a country with a population under 3 million, has the most users of crypto in Africa followed by Algeria and Angola.

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CONCLUSION

Crypto isn't an asset class that's easily understood. It's not backed by any fundamentals, and it's a market rife with scams, and more recently -- in the form of FTX's demise -- one proven to be hard to trust.

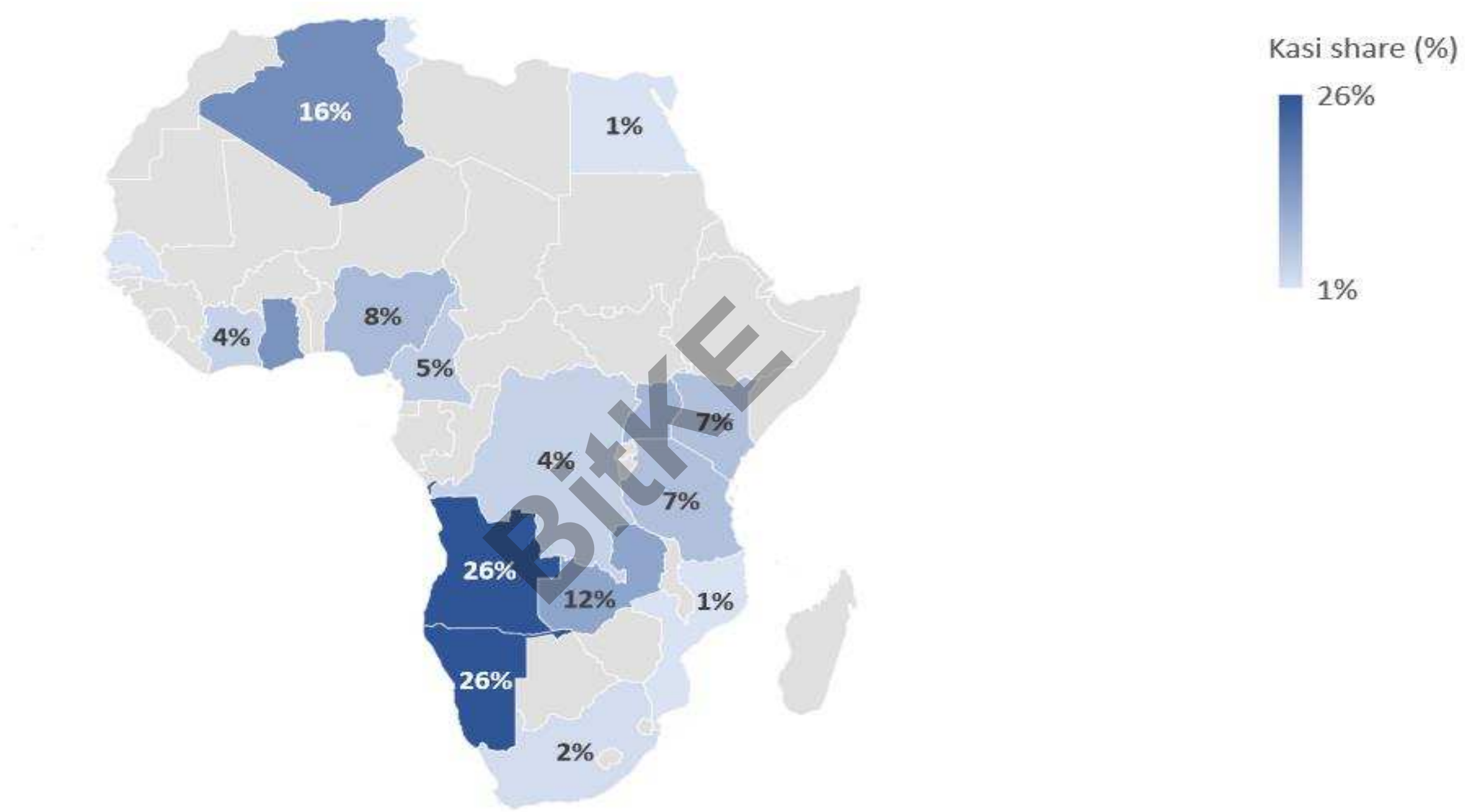
And while all of this should deter Africans, our data begs to differ. Instead, it paints a very real and unique picture of crypto across the continent. It's a picture that isn't only fascinating, but stunning too.

Larger economies are eclipsed by smaller and poorer countries when measured for adoption and usage, and states with established and seemingly mature tech hubs, aren't outperforming smaller, less developed sister countries.

Africa, while behind the curve in many ways, is slowly catching on to the cryptocurrency market. Awareness, adoption, and usage figures show that Africans are interested in digital currencies and are actively investing in them for both short and long-term returns. And despite a bearish market, positive sentiment hasn't withered away.



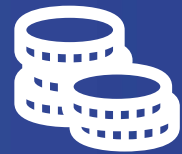
Angola and Namibia prove crypto savvy



Our Kasi Share index shows Angola and Namibia lead crypto ownership, followed closely by Nigeria and Zambia heading up the mid-field.



DEFINITIONS



WEB 3 CURRENCIES: Web3 is an extension of cryptocurrency, using blockchain in new ways to new ends. <https://hbr.org/2022/05/what-is-web3>



DAO (Decentralized Autonomous Organization): An organization created by developers to automate decisions and facilitate cryptocurrency transactions.



BLOCKCHAIN : a system in which a record of transactions, especially those made in a [cryptocurrency](#), is maintained across computers that are linked in a [peer-to-peer](#) network.



CBCD (Central bank digital currencies): A form of digital currency issued by a country's central bank.

METHODOLOGY

Respondents were randomly recruited using Kasi Insight's Random Sampling Intercept Method. The intercepts were conducted around interview sites in the most populous regions in 19 African countries. After the intercepts, respondents who qualified for the study were directed to complete the interviews using CAPI methodology.

The survey was conducted between December 20th 2022 to January 10th , 2023 amongst 9,433 urban dwellers with a margin of error +/-1.068%. The results are unweighted.

The KASI Index of Consumer Sentiment Index (ICS) is a measure of consumers' confidence level in the economy, based on their personal financial situation, current economic conditions, and future economic expectations. Consumer sentiment has an impact on spending behavior, with high sentiment leading to increased spending and low sentiment leading to reduced spending. The index ranges between -100 and +100 . A high ICS is desirable as it depicts positive sentiment while a low ICS indicates negative sentiment.



DECISION INTELLIGENCE

Conducting monthly trackers in Cameroon Congo DRC Ghana Ivory Coast Kenya Morocco Nigeria Senegal South Africa Tanzania Tunisia Algeria Egypt Zambia Angola Mozambique Uganda Botswana Zimbabwe

<https://www.kasiinsight.com>