

# Financial Literacy and Attitudes to Cryptocurrencies

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## Abstract:

We examine the relationship between financial literacy and attitudes to cryptocurrencies, using microdata from 15 counties in the ING global banking survey. We generate a financial literacy proxy using data from the S&P global financial-literacy survey, and constructing a composite index based on country scores overall and by gender, age and income group. The results show large negative effects of financial literacy on the probability of owning cryptocurrencies and on intending to own in the future. The financially-literate are more likely to be aware of cryptocurrencies, compared to their less literate counterparts. The evidence suggests that speculative motives lead the demand factors on cryptocurrencies and the interaction of financial literacy and speculation exerts a negative impact on the probability of owning a cryptocurrency. While the supply of the major cryptocurrencies is becoming more transparent, the demand factors largely depend on the intrinsic value attributed to cryptocurrencies. Our evidence confirms the prediction that the more financially literate are better positioned to evaluate the risk-reward profile offered by cryptocurrencies.

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*Keywords:* Financial Literacy; Cryptocurrencies; Risk; Reward.

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