

# Perceptions towards the Digital Currency Project Libra: Germany Q4 2019

Results of a representative survey among German Internet users

Report No. 4

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## Executive Summary

Based on a representative survey among 3,059 German adult Internet users, this report captures users' perceptions and anticipations towards Libra. Libra is a blockchain-based payment token that is backed by a basket of financial assets, such as the Dollar and the Euro. It is developed by the Swiss-based Libra Association initiated by Facebook. The project is discussed controversially by the public and governments.

Among the respondents, Libra (82%) is almost as well-known as Bitcoin (85%). On a scale from 0 to 10, the respondents assess the trustworthiness of Libra rather low at 3.48. Nearly one fifth (19.4%) do not perceive Libra as trustworthy at all. The majority of the respondents (57%) would not use Libra for payments, while 12% would certainly and 31% would possibly do so.

The assessment of perceptions towards Libra differs significantly in regard to respondents' previous touchpoints with cryptocurrencies. Current and former owners of cryptocurrencies are more open to the project: their average level of trust is 5.78, while 39% indicated that they would use it. Socio-demographics also make a difference: younger age cohorts, men and respondents with the highest and the lowest levels of education tend to report a higher level of trust and willingness to use Libra.

## About us

The *Blockchain Research Lab* (BRL) is an independent non-profit research organization. Founded in April 2018, the BRL fosters independent research on blockchain and its socio-economic impacts. This publication is part of a series of informative reports based on a bi-annual representative survey among German Internet users assessing the state of cryptocurrency adoption among society.

## Introduction

The topic of central bank digital currencies (CBDC) experienced increased attention from the media, governments and the public (e.g. Reuters 2019). Concepts of CBDC describe the issuance of a digital replicate of existing fiat currencies, as a complement or substitute for existing forms of money, e.g. cash. Advantages of stable digital currencies are numerous from the consumer perspective, for streamlining payments or cross border transactions, and for governments in the reduction of costs related to cash management, supervision and monetary policy. Blockchain and DLT-based concepts of CBDC have the potential to displace or accelerate the cryptocurrency market and its adoption among the population. Beside governmental efforts, initiatives from the private sector, e.g. Libra and Telegram, plan on issuing blockchain-based stable coins, whose value is preserved by a basket of financial assets, including US-Dollar and Euro reserves. However, there is not much research on the perception of such currencies among the population.

The BRL is conducting research on the adoption and knowledge of cryptocurrencies as one important application of blockchain technology. This report provides insights into the populations' perceptions of Libra, Facebook's initiative for a consortium-backed digital currency.

## Methodology

This report builds on the data of 3,059 German Internet users, i.e. people who were online at least once in the last quarter. The sample is representative of the German Internet-using population in terms of age and gender. The participants responded to an online questionnaire created by the BRL. The survey was conducted during October and November 2019 by the panel provider *mo'web research*, who maintains a panel of more than 150,000 individuals in Germany for online surveys. 27,094 panelists were contacted, 4,905 of which responded. 615 respondents were rejected because their IP address, browser cookies or browser fingerprints would not have allowed us to prevent multiple participation. To ensure high data quality, another 250 participants who sped through the survey, i.e. answered too quickly for their answers to carry much meaning, were dropped manually. 910 respondents were not considered because they did not fit the given quotas for representativeness, and 71 other persons failed to complete all of the questionnaire. This left us with 3,059 usable responses.

For this report we analyzed only answers of respondents who had at least minimal knowledge about cryptocurrencies (2,653). Respondents without any knowledge about cryptocurrency were not asked any further questions about Libra (406).

## Libra

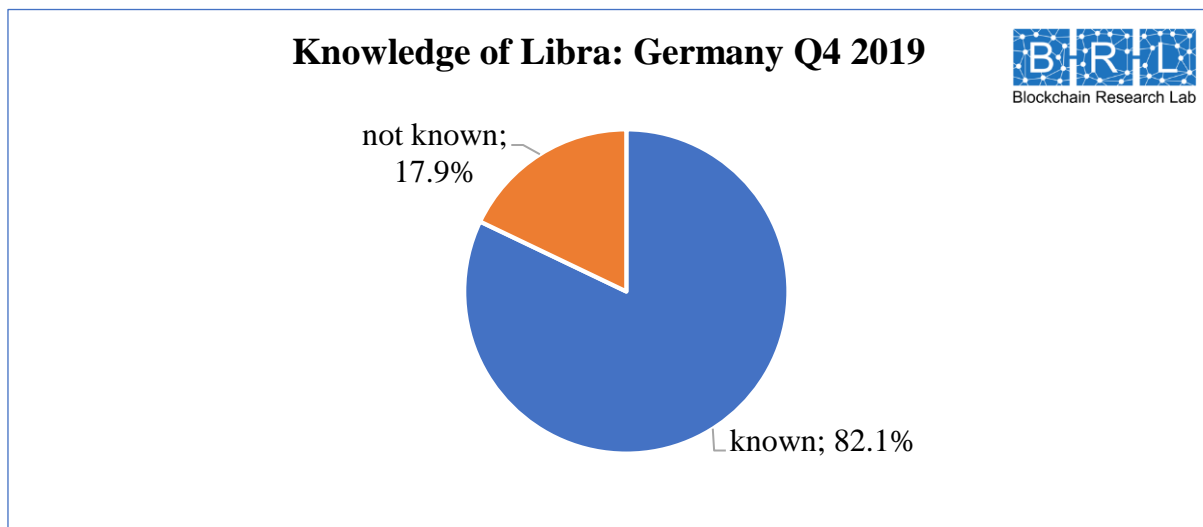
Libra describes a project that aims to create a blockchain-based financial infrastructure surrounding its inherent asset, the digital currency Libra. The project was initially started by Facebook and is now developed by the Libra Association, a foundation dedicated to Libra's

development, incorporated in Switzerland. The foundation is to consist of various reputable private sector companies, involved in and responsible for the governance of the project.<sup>1</sup>

The Libra digital currency is planned to sustain a stable value through a basket of currencies that mirrors Libra’s market capitalization: 50% US-Dollar, 18% Euro, 14% Japanese Yen, 11% Pound Sterling and 7% Singapore-Dollar. Such a digital currency could potentially be used globally for all kind of consumer and business transactions. The project is controversially debated and various governments have already announced their intention to restrict Libra, since it could threaten the state monopolies on currencies and the effectiveness of instruments of monetary policy. While governments (German Federal Ministry of Finance 2019) and economists (Cecchetti and Schienholtz 2019; Eichengreen 2019) have already commented in on Libra, it is relatively unclear how the population thinks about the project. In this report, we disclose the population’s perceptions on Libra, as the most discussed private digital currency initiative.

### Knowledge about Libra

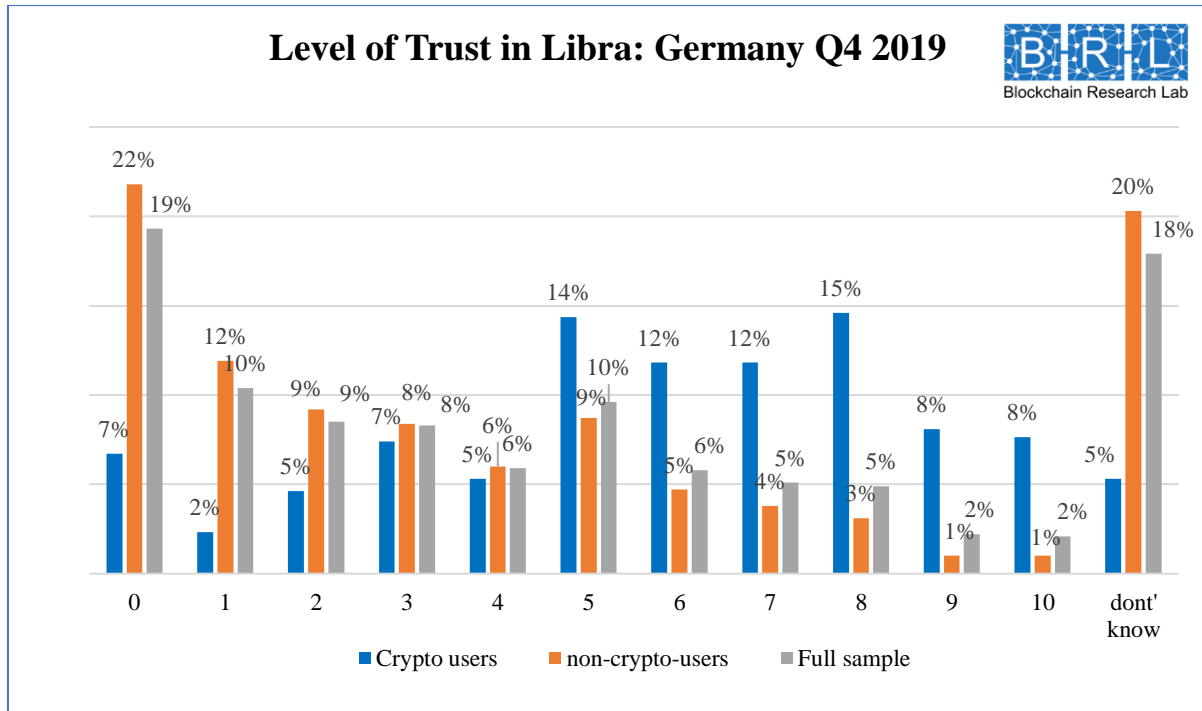
The majority of the respondents knows about Libra (82.1%). By comparison, 85% of the respondents know about the 10-years older cryptocurrency Bitcoin. This illustrates the high level of media attention that Libra has gathered as well as the relevance that the project can potentially have.



### Perception of Trustworthiness

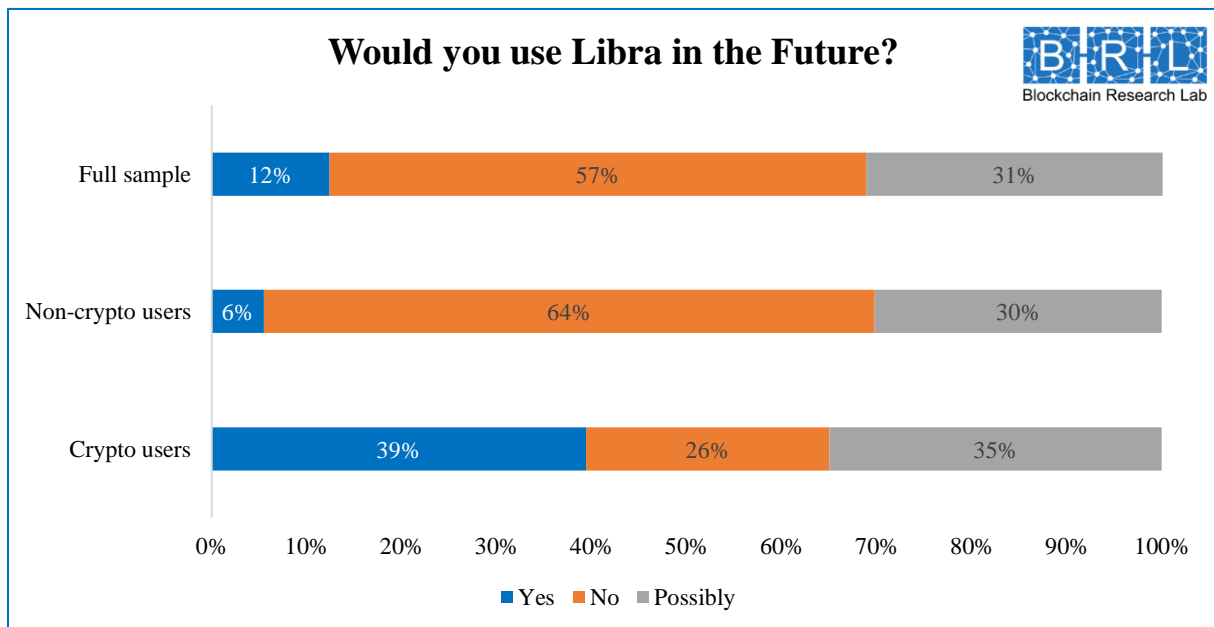
Across all respondents, we identify an average level of trust of 3.48 on a scale from 0 to 10, where 0 represents lowest level of trust and 10 highest. For the full sample, a downward trend can be observed. At 19.4%, the highest share is at the lowest rating and the smallest share of participants give the highest rating (2%). We also observe a strong difference between current cryptocurrency users and non-users with the former having a much higher trust in Libra than the latter (5.78 compared to 2.89).

<sup>1</sup> For a detailed introduction to Libra, refer to Libra Association (2019).



### Intentions to use Libra

When asked whether they would use Libra, the majority of respondents said they would not do so (57%). A share of 31% would possibly do so, while 12% said they would use Libra. Again, we find a strong deviation between crypto users and non-crypto users with the former having a much higher intention to use Libra (39%).



### Demographics

With regards to gender differentiations, men have a slightly higher level of trust in Libra (3.64 vs. 3.26) but they are much more inclined to state their intention to use Libra in the future: While only 8.6% of women say they want to use Libra, 15% of men do.

Gender	Level of trust	Would you use Libra?		
		yes	no	possibly
Male	3.64	15.0%	53.9%	31.1%
Female	3.26	8.6%	60.1%	31.3%

A correlation analysis between the variables *age* and *trust* in Libra shows a significant<sup>2</sup> negative correlation of -0.31, which is indicative of older people having less trust in Libra. Looking at different age groups, this is especially true for respondents aged over 50 (trust score of 2.40), while the other age groups do not differ strongly (4.04 to 4.65). In terms of potential use of Libra, the youngest three age groups are relatively homogenous. Between 17.0% and 20.6% would use Libra, 42.7% to 49.3% do not want to do so and 33.7% to 36.7% are undecided. In the age group of 50+ years, only 4.6% indicate that they would use Libra while 70% would not.

Age group	Level of trust	Would you use Libra?		
		yes	no	possibly
18 to 24	4.29	17.5%	45.8%	36.7%
25 to 34	4.65	20.6%	42.7%	36.7%
35 to 49	4.04	17.0%	49.3%	33.7%
50 and above	2.40	4.6%	70.0%	25.4%

Measuring education as a scoring variable (see BRL Report No. 3), we find a significant<sup>3</sup> negative correlation of -0.06 between *education* and *trust* in Libra. This suggest that trust in Libra tends to decrease with higher levels of education. However, grouping respondents by their educational level shows that the effect is U-shaped: Respondents with lower educational levels and highest educational levels tend to have most trust in Libra. People with A-levels, commercial or craftsman apprenticeships show the lowest level of trust. An interesting observation is that people with a PhD are by far the least undecided when it comes to a potential use of Libra in the future with only 15.6% answering ‘possibly’.

Education	Level of trust	Would you use Libra?		
		yes	no	possibly
No graduation	5.44	44.4%	33.3%	22.2%

<sup>2</sup> Significant at the 1% level.

<sup>3</sup> Significant at the 1% level.

Main or secondary school	3.77	14.4%	49.3%	36.3%
High school (A-levels)	3.97	14.4%	50.3%	35.3%
Craftsman training	3.08	11.1%	59.5%	29.4%
Commercial training	2.86	8.1%	65.6%	26.3%
University degree	3.55	12.1%	56.8%	31.1%
PhD	3.80	22.2%	62.2%	15.6%

In terms of income classes, we did not identify a significant effect on trust in Libra with the exception of the lowest income group being the most skeptical. However, the certainty of the answers - both yes and no - regarding future use increases with higher income levels. Accordingly, the share of the answer category 'possibly' decreases with increasing income.

Income group	Level of trust	Would you use Libra?		
		yes	no	possibly
Below €500	2.98	11.1%	53.1%	35.8%
€500 to €999	3.11	5.7%	57.7%	36.6%
€1.000 to €1.499	3.51	11.4%	56.2%	32.5%
€1.500 to €1.999	3.52	13.6%	57.7%	28.7%
€2.000 to €2.999	3.55	12.0%	54.6%	33.3%
€3.000 to €4.999	3.80	17.4%	53.8%	28.7%
€5.000 or more	3.61	16.1%	60.7%	23.2%

### Concluding remarks

Libra is an ambitious and controversially discussed project that has the potential to disrupt the payments industry and even challenge the state monopolies on currencies. While Libra is still in an early stage with many aspects of the currency yet to be decided, the public discussion is already intense. We do not advocate, nor criticize Libra and its efforts.

The survey among a sample representative of German Internet users allows to draw a picture on the current perception of Libra in the population of a Western country. Overall, most people (81%) know about Libra and rate its trustworthiness at rather low 3.48 on a scale between 0 and 10. 12% of the respondents indicate that they would use Libra in the future compared to 57% negating its use. The results differ somewhat in regards to demographics: younger people,

men and people with either a very high or very low level of education are more open towards using Libra.

The strongest difference by far exists between those that currently own cryptocurrencies and those who do not. Cryptocurrency owners have a much higher level of trust (5.78 compared to 2.89) and 39% indicate that they would use Libra in the future compared to only 6% of those who do not use cryptocurrencies. This shows that Libra has the strongest support among cryptocurrency users. It can be speculated that at least a part of this effect can be explained by cryptocurrency users being simply more familiar with alternative payment methods and concepts of money.

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