

Bitcoin virtual currency users and motivations

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A new study uses Google Trends data in an attempt to understand who uses the anonymous crypto-currency Bitcoin, and for what purposes.

Launched in 2009, there are now 13.4 million Bitcoins in circulation with a [market value](#) of \$4.6 billion; thousands of businesses accept Bitcoins. Bitcoin is an unregulated, near anonymous virtual payment method. Account holders use an encrypted [electronic signature](#) for payment, which amongst others, may attract those with something to hide. Recent research in the Journal of Applied Economic Letters builds on existing research and anecdotal evidence, using Google Trends data to examine Bitcoin interest and potential user profiles.

Past research on Bitcoin usage revealed 3 key motivations; curiosity, profit making and politics. Authors Yelowitz & Wilson analyse Google Trends search data for terms related to Bitcoin and its users. They focused on 4 possible clientele groups; tech enthusiasts, investors, anti-establishment and criminals. Each group has a sensible rationale for using Bitcoin: programmers can 'mine' for more Bitcoins by authenticating transactions. Marked Bitcoin price fluctuations attract potential investors. Those seeking liberty from the central banks feel the benefit of Bitcoin and criminals have been able to safely and anonymously trade online in drugs and fake passports using Bitcoins. The authors conducted a 31 month time series in several US states for the popularity of Bitcoin in each group.

The results of this unprecedented systematic review revealed definite

correlations between computer programmers and Bitcoin and illegal activity and Bitcoin. No such link was established for the other 2 potential market segments. During the period of the study the authors observed highest Bitcoin interest in Utah, Oregon, California, Washington, Nevada, New Hampshire and Vermont. Against the odds the authors have successfully overridden past suppositions to reveal clear facts about Bitcoin users.

More information: "Characteristics of Bitcoin users: an analysis of Google search data," *Applied Economics Letters*, [DOI: 10.1080/13504851.2014.995359](https://doi.org/10.1080/13504851.2014.995359)

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