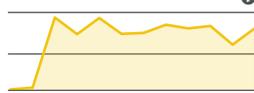




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The Four Types of Bitcoin Users

Dr Paul Ennis | Published on April 24, 2016 at 16:50 BST

OPINION

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Dr Paul Ennis is a research assistant at The Centre for Innovation, Technology & Organization at University College Dublin, specializing in bitcoin and blockchain studies.

In this opinion piece, Dr Ennis discusses the wide range of bitcoin users and how their varying opinions on how the technology should develop is impacting network progress.



There are many assumptions about bitcoin users – that they are oddballs, fantasists, nerds, criminals, idealists and so on.

But what are they actually like?

Some of the assumptions listed above are technically true in some cases, but the reality is never as simple as that. Of course, one of the simplest, but nonetheless effective, means of ascertaining who uses bitcoin is to analyze Google Trends, as we find in [Yelowitz and Wilson \(2015\)](#).

Although an imperfect method, since "search query need not imply active participation", Yelowitz and Wilson identify four types of broad bitcoin users: computer programming enthusiasts, speculative investors, libertarians and criminals (2015, pg 1030).

This very much fits the "expected" profile of bitcoin users, and it also closely fits the results of a 2013 survey of 1,000 bitcoin users that found "the average user is a 32-year-old libertarian male".

(Full disclosure: I am a 32-year-old male, but not a libertarian as such).

From the perspective of these four types, the major reasons for bitcoin's appeal are:

- For computer programmers, the rewards for mining

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- For speculators, the volatility
- For the libertarians, the perceived lack of regulation
- For criminals, the perceived anonymity.

Libertarians are well-represented in bitcoin's non-academic literature, with themes concerning the potential of the technology to alter the prevalent social and economic orders (eg Kelly, 2015; Casey and Vigna, 2015).

Books aimed at speculators, as one might expect, focus on bitcoin's potential as an investment (Wilcox, 2014). Computer programmers enthusiasts are well-served by Swan (2015) and Antonopoulos (2015). The former is very blockchain-focused while the latter, true to form, is bitcoin-focused.

Criminal elements

Another prominent community, criminals came to be associated with bitcoin via the story of the Silk Road marketplace.

Silk Road was an online marketplace operating on what is known variously as the Dark Web, the Dark Net or, erroneously, the Deep Web. The latter covers all the parts of the web that search engines do not index, but the "dark" aspect refers to sites that feature user anonymity and are, by default, difficult to access. Unsurprisingly, these markets are popular among this subset (Bartlett, 2014).

In terms of scale, for the criminal vector, the classic study by Christin (2013) of Silk Road put the revenue numbers in an eight-month period in 2011–2012 to roughly \$1.2m, with \$92,000 going to the operators of the marketplace.

Now, the above description tends to relate to what one might term the generic bitcoin community, meaning they are the people who either mine, buy, trade or use bitcoin routinely (or are committed hoarders with an eye toward using it as a store of value).

Even if bitcoin is arguably not a currency, as some claim, it is treated as such by this community.

Different definitions

When it comes to trying to understand what bitcoin is, we often find that arguments center upon its status as a currency as understood in regulatory, financial or legal terms. Currency is one way to grasp bitcoin, albeit one related to questions about how the digital currency might come to fit into mainstream society.

Bitcoin users often seem conflicted on the issue. On the one hand, they want bitcoin to be different than what has come before, but they also, for various reasons, want to see more people using it.

This conflict helps explain why the community nearly split over the [scaling debate](#), but from a different angle. Miners, for instance, were drawn to BIP 100 (introduced by developer Jeff Garzik) for a few technical reasons, but one social one is that it allows the miners to become active voters on the future of the Bitcoin Core reference client.

Some speculators support Bitcoin Classic because it means faster transactions that speak to this entrepreneurial spirit that wants bitcoin adoption to grow significantly faster.

Libertarians are caught somewhere in the middle. They don't want the miners to become too centralized, but also seem tuned into the fact that the Bitcoin Core development community could be seen as a centralized structure, too.

They also might want wider adoption for ideological reasons, but also want to avoid a major screw-up in the form of a disastrous hard fork that could imperil the network's future.

Criminals will carry on as they always have, but are largely outside of the mainstream conversation at present.

Concluding remarks

Bitcoin users are, then, precisely what one would expect on paper: technically literate, politically plugged-in and economically motivated.

However, one must remember that just become someone is a libertarian, this does not translate into automatic sympathy to dark net criminals. Nor is there a clean path for the libertarian when it comes to decentralization: for the traditional technologically-focused decentralist this means disavowing large block-increases just to facilitate faster transactions.

To the more economically-minded, decentralization means no block limit at all, and thus wider adoption of bitcoin for commercial uses.

What the scaling debate has revealed is that there is no homogenous community of Bitcoin "types" *per se*, but rather various factions united under the umbrella term of decentralization.

[Diverse business crowd](#) via Shutterstock

Disclaimer: *The views expressed in this article are those of the author and do not necessarily represent the views of, and should not be attributed to, CoinDesk.*

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wow.... complete trash.... truth is I am an investor... and see this a truly a secure investment...
these darn handicaps just don't understand that Bitcoin is simply a way to secure money... of
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4 for 4 baby lol utter trash

1 ^ | v · Reply · Share ›



Jonathan Silverblood · 19 hours ago

I read up until they listed the so called "motivations" for each group. At that point, it was
obvious that this article was just going to be a waste of time.

1 ^ | v · Reply · Share ›



Sun Drez → **Jonathan Silverblood** · 17 hours ago

I laughed at ur comment thank you. ... it was a waste of time to read this article...

^ | v · Reply · Share ›



Bitcoin Error Log · 2 hours ago

Why are you rehashing articles and using data that is years old, and then inferring motivations
of people doing searches?

You highlight each user type with the worst wording of motivations, why not this:

For computer programmers, developing the world's most prominent blockchain

For speculators, the store of value

For the libertarians, the added privacy and freedom

For the underserved and oppressed, the psuedo-anonymity.

^ | v · Reply · Share ›



@RMessitt · 3 hours ago

"For computer programmers, the rewards for mining". Completely disagree with this. I work in
software dev and the majority of programmers interested in Bitcoin / Blockchain are not miners
- since ASICs emerged you simply can't be an effective hobbyist miner any more so that's just
nonsense. All the devs I knew that were mining on their own rigs gave it up YEARS ago. This
was drab, uninformed and offered no new insight whatsoever. If anything it felt *really* dated.
Strikes me as another article from an author who doesn't quite yet understand how Bitcoin
actually works and is a bit late to the party but wanted to publish 'something' about Bitcoin.
Usually think Coindesk are pretty spot on with their coverage but I'm afraid this was a swing
and a miss.

^ | v · Reply · Share ›