

# Investing in cryptos in the Netherlands

Market survey under Dutch consumers

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## The Dutch Authority for the Financial Markets

The AFM is committed to promoting fair and transparent financial markets.

As an independent market conduct authority, we contribute to a sustainable financial system and prosperity in the Netherlands.

# Table of Contents

1. Management summary	4
2. Introduction	6
2.1 Accountability	7
3. The rise of cryptos	8
3.1 Market growth	8
3.2 The crypto investor	9
4. Motives for crypto investments	10
4.1 Reasons to invest in cryptos	10
4.2 Use of cryptos	12
5. Warnings issued by the AFM	15
6. Vulnerability of crypto investors	17
6.1 Invested amount	17
6.2 Risk perception	17
6.3 Vulnerability	18
7. Initial Coin Offerings	21
8. Conclusion and follow-up measures	23

## 1. Management summary

The crypto market rose to unprecedented heights in 2017. Market capitalisation rose from \$ 20 billion at the beginning of 2017 to more than \$ 800 billion at the beginning of 2018. The booming crypto market also attracted many consumers. 500,000 Dutch households were trading cryptos<sup>1</sup> in January 2018. The rapid rise of cryptos showed symptoms of a financial bubble, which the AFM warned about. In addition, there are a number of risks inherent in cryptos regarding volatility, fraud and the fact that the technology is still in a pioneering stage. Therefore, AFM decided to carry out a survey into how Dutch consumers are dealing with cryptos. This report is the result of this market survey that was conducted in February 2018 among Dutch consumers.

The survey shows that the profile of crypto investors differs from that of traditional investors. The average crypto investor is relatively young and has no experience with other types of investments; 60% has no other experience with investing in stocks or bonds.

The most important reason to invest in cryptos is earning money. The motivation shifts over time. Those who started investing at a later stage are investing to make a quick profit and because friends and acquaintances are also investing in cryptos. This confirms the impression that 'crypto fever' has struck.

The indications of a financial bubble were the reason for the AFM to issue a warning; for the first time in June 2017, before cryptos skyrocketed at the end of the year. The AFM issued another warning in November 2017. These warnings were well known, 80% of the consumers who have invested in cryptos stated that they were aware of these warnings. However, it appears that these warnings were less well known among young people and other vulnerable groups.

The AFM is concerned about the possibility that consumers are investing in cryptos without examining this thoroughly beforehand and that they are investing irresponsible amounts in cryptos. However, the situation does not appear to be as bad as we thought it was. The invested amounts are limited (69% invest less than 1000 euros) and only 2% of the respondents state that they have purchased cryptos with borrowed money. Moreover, only 1% states that it would be very problematic for them if the value of cryptos should collapse.

A minority invests in Initial Coin Offerings (ICOs). No more than 10% of the crypto investors have participated in an ICO; of which 6% stated that they have invested in one ICO and 4% in several ICOs. However, the risk perception of ICO investors does appear to be lower than justified by the actual market situation.

Consequently, it can be concluded that the rise of cryptos is spectacular but, at present, still not a cause for concern. However, it is the case that inexperienced investors are entering a volatile and

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<sup>1</sup> The AFM uses the term cryptos in this report instead of cryptocurrencies. Cryptos do not fulfill the functions of money and therefore the AFM does not regard cryptos as currencies.

speculative market. Moreover, the warnings appear to be less well known among the vulnerable groups. Therefore, there are sufficient reasons for the AFM to pay close attention to the developments and continue to warn for the risks of cryptos.

## 2. Introduction

Cryptos found their way to the general public in 2017. Large groups of consumers started buying cryptos at the end of 2017 due to the spectacular price increase. The tide appears to have turned now; however, in the meantime, 500,000 Dutch investors have bought cryptos.

Although the AFM does see the possibilities that blockchain technologies offer for financial services, there are large risks for consumers for which the AFM has issued a warning.<sup>2</sup> As a result of the growing popularity and the explosive price increases, there appear to be similarities between the crypto market and a financial bubble. Many consumers are interested in cryptos, also due to the spectacular return in a short period of time. At the same time, cryptos are hardly being used as a means of payment.

Cryptos entail risks with regard to the high market volatility, the fact that fraudulent parties are active on this market and the maturity of the technology. As far as volatility is concerned, it is a telling example that the price of a Bitcoin dropped at the time of this survey by no less than 50% over a period of a number of weeks. As a result, cryptos are considerably more volatile than traditional currencies or gold.<sup>3</sup> With regard to fraud, there are hardly any safeguards with which to ward off fraudulent parties.<sup>4</sup> Market manipulation, forbidden in regulated markets, still occurs regularly on the crypto markets.<sup>5</sup> Cryptos are also susceptible to cybercrime; they can be stolen by hacking a computer or smartphone. Finally, there are a number of technical risks. The technology behind cryptos is still in a pioneering stage. Users can lose money due to software errors or other imperfections. In addition, users can lose access to their cryptos if they lose their password or their computer crashes; in this case, they are lost for good.

Although, cryptos have been in the news often, little is known about how Dutch consumers are investing in cryptos, which groups this concerns and whether they are aware of the risks. This was the reason for the AFM to examine this more closely.

This report is based on a market survey that was conducted among Dutch consumers who have invested in cryptos. This survey provides insight into how Dutch consumers are currently dealing with cryptos. For more information about cryptos, the AFM's position on cryptos and the supervision of cryptos, reference is made to the AFM website.

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<sup>2</sup> In [June 2017](#) and [November 2017](#)

<sup>3</sup> [IMF \(2016\) Virtual Currencies and Beyond, Initial Considerations](#)

<sup>4</sup> [ESMA \(2017\) ESMA alerts investors to the high risks of Initial Coin Offerings](#)

<sup>5</sup> [CFTC \(2018\) CFTC warns customers to avoid pump-and-dump schemes](#)

## 2.1 Accountability

This report is based on a market survey among Dutch crypto investors that was conducted by Kantar TNS and commissioned by the AFM. The survey follows from the Kantar TNS Retail Investor<sup>6</sup>, that makes use of a, for Dutch society representative, random sample consisting of 44,494 respondents. In this monitor, the question was also asked whether the respondent has invested in cryptos. An additional questionnaire was sent to the respondents who stated that they have invested in cryptos. This report is based on this additional questionnaire.

The additional questionnaire was answered by 885 respondents, thus making it possible to make representative statements regarding Dutch crypto investors. Investors who have participated in an ICO (N=159) and investors who have invested more than 1000 euros are over-represented in this random sample, in order to also be able to draw meaningful conclusions for these, for the AFM, relevant groups. The outcomes of the additional survey were reweighed based on the original survey with 44,494 respondents.

In addition, it is important that the survey only concerns consumers who have invested in cryptos. The survey does not provide any insight into the group that did not invest in cryptos for whatever reason. Therefore, we cannot make any statements on what the possible reasons were not to invest in cryptos.

The survey was conducted at the end of February 2018 and developments in the crypto field are taking place very fast. The findings concern the situation as of the end of February 2018. It is possible that changes have occurred since then. Furthermore, a number of findings are related to quarterly periods (such as the time of the initial investment). It is important in this case that only the first two months of 2018 have been taken into consideration in this survey.

Finally, the market survey and this memorandum are of an informative nature. They form a contribution to the formulation of the AFM's policy regarding the supervision of cryptos.

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<sup>6</sup> More information is available via the website of [Kantar TNS](#)

### 3. The rise of cryptos

#### 3.1 Market growth

The market capitalisation of cryptos has increased strongly in a short period of time in the past year. The market capitalisation of the global crypto market was less than \$ 20 billion at the beginning of 2017. This rose in a period of one year to over \$ 800 billion at its highest point in the beginning of 2018. Subsequently, the crypto market lost over half of its market capitalisation in a number of weeks. Since then, the market has fluctuated and has dropped further in comparison to its highest point to about \$ 250 billion at the beginning of April 2018 (chart 1).<sup>7</sup>

The price development of the Bitcoin, the biggest and most well-known crypto, also illustrates the increasing popularity of cryptos. The price of a Bitcoin (when it originated in 2009 a Bitcoin was worth less than one cent) passed the \$ 1000 mark for the first time in 2013. The price then collapsed and hit a temporary low point of \$ 200 in 2015. The \$ 1000 mark was passed again at the beginning of 2017 and the Bitcoin then went on to experience an exponential growth later that year to a highest point of nearly \$ 20000. The price development has been volatile so far in 2018 and, at present, it is mainly trending downward to about \$ 7000 as at the beginning of April.<sup>8</sup>

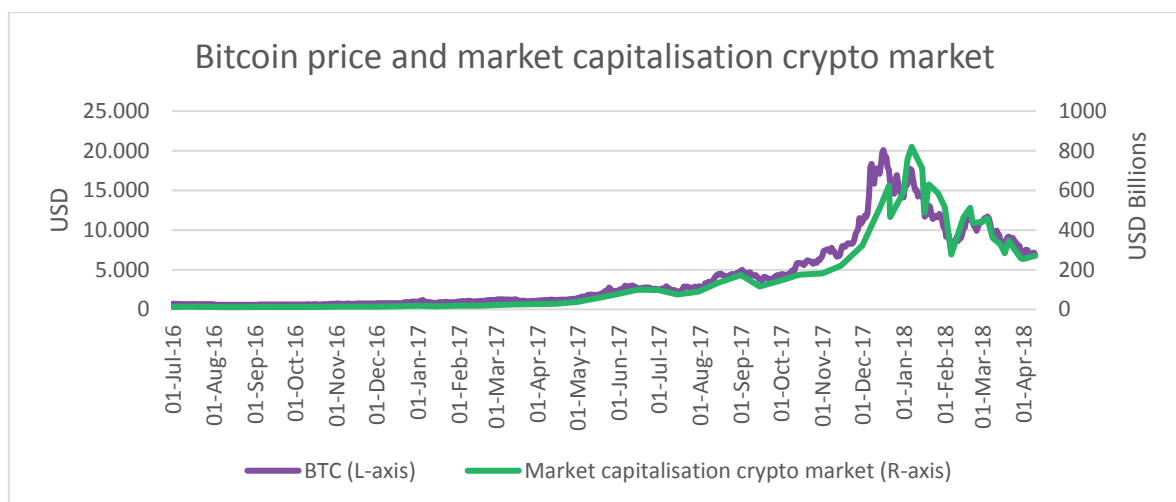


Chart 1

In addition to the cryptos, Initial Coin Offerings (ICO) have also entered the market. In the event of an ICO, a start-up or established company issues its own crypto to raise capital. It is estimated that over \$ 4 billion in funding has already been raised with ICOs in 2017.<sup>9</sup>

Although the rise of cryptos is, of course, impressive, the total size of the crypto market is still limited in comparison to the traditional capital markets. For example, European investment funds

<sup>7</sup> Data obtained from [CoinMarketCap](#)

<sup>8</sup> Data obtained from [CoinMarketCap](#)

<sup>9</sup> [EY \(2018\) EY research: Initial Coin Offerings](#)



have about in total € 10 trillion under management.<sup>10</sup> The global asset management market is estimated at around \$ 80 trillion.<sup>11</sup>

### 3.2 The crypto investor

As prices rose, the number of households with cryptos increased strongly at the end of 2017. In September 2017, 135,000 Dutch households had invested in cryptos. In January 2018, this had increased to 490,000 (chart 2).<sup>12</sup> As some households consisted of several crypto investors, there were in total 580,000 persons with crypto investments. There are in total over 7.5 million households in the Netherlands, of which 1.4 million invest.



Chart 2

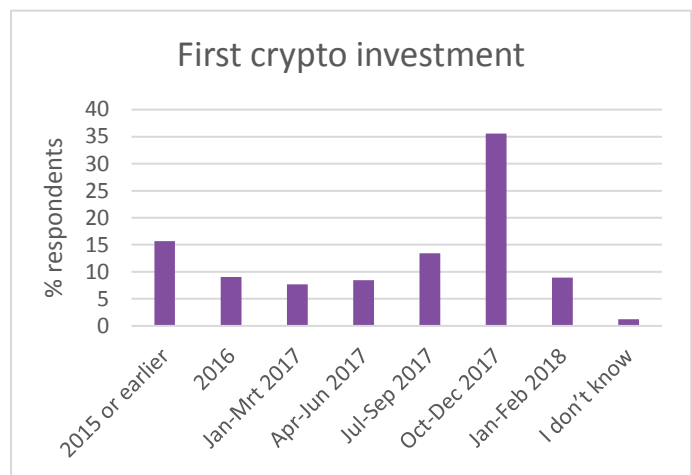


Chart 3

The last quarter of 2017 was the most popular moment to enter the crypto market. One third of the crypto investors bought cryptos for the first time in that quarter, which is more than in the three previous quarters. The popularity appears to have decreased again after that; 9% of the crypto investors entered the market in the first two months of 2018. Although, significantly less than the last quarter of 2017, this is still higher than it was before (chart 3).

The profile of crypto investors differs from that of traditional investors. The average crypto investor is relatively young (38 versus 51 for traditional investors) and has no experience with other investments (60% has no other experience with investing in stocks or bonds and this increases to 70% for the investors that entered the market later). The majority of crypto investors are men, although the share of women increases among the investors who entered the market later. Of the investors who entered the market before 2017, 15% are female whereas this increased to 32% of the investors who entered the market in 2018.

<sup>10</sup> This concerns the UCITS funds; [EFAMA Quarterly Statistical Report Q4 2017](#)

<sup>11</sup> See for example [WillisTowersWatson \(2017\)](#)

<sup>12</sup> <http://www.tns-nipo.com/nieuws/persberichten/aantal-nederlandse-beleggers-cryptovaluta-geexplod>

## 4. Motives for crypto investments

It is important for the AFM to know why consumers invest in cryptos and how they use cryptos. This provides an indication whether they regard cryptos as speculation, an investment or a means of payment.

### 4.1 Reasons to invest in cryptos

In order to discover the motivation behind crypto investments, respondents were first asked to describe this in an open answer, after which a number of factors were presented with the question whether these factors played a large or a small role in the decision to invest in cryptos.

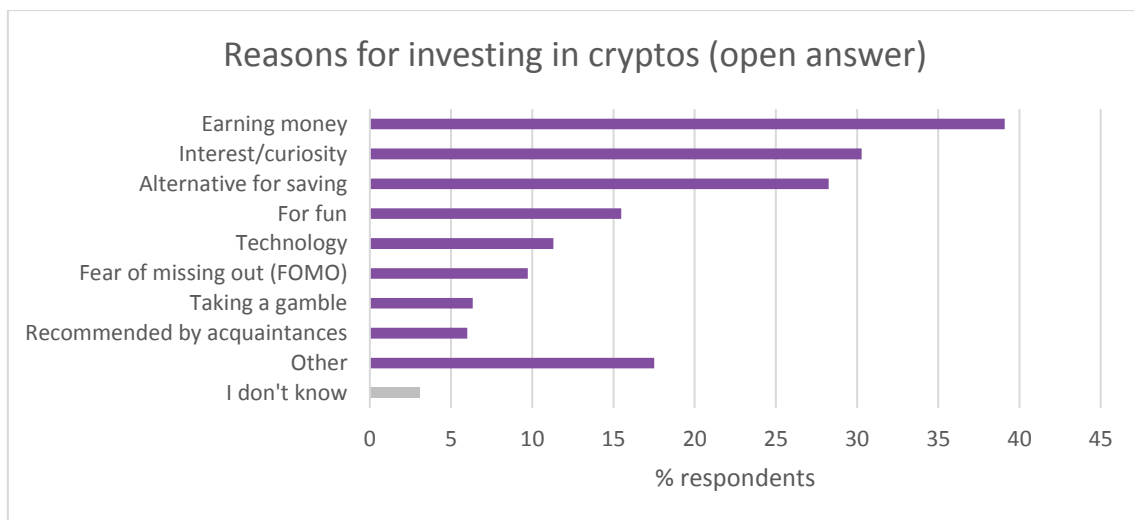


Chart 4

It can be concluded from the open answers that earning money is the most important motivation for investing in cryptos, nearly 40% of the respondents state this (chart 4). Other important motivations are curiosity regarding the technology and looking for an alternative for saving or investing. The last-mentioned motivation is confirmed by the predefined factors. It is apparent from this that the low interest on savings accounts is an important driver to invest in cryptos (chart 5). This can mainly be seen among the group that has invested more than € 1000; of this group, 66% state that the low interest rates played a role, compared to 40% of the group that has invested less than € 1000. Furthermore, it also appears from the predefined factors that earning money fast and curiosity are the most important reasons. In addition, it also becomes clear with these factors that a gamble is also an important motivation.

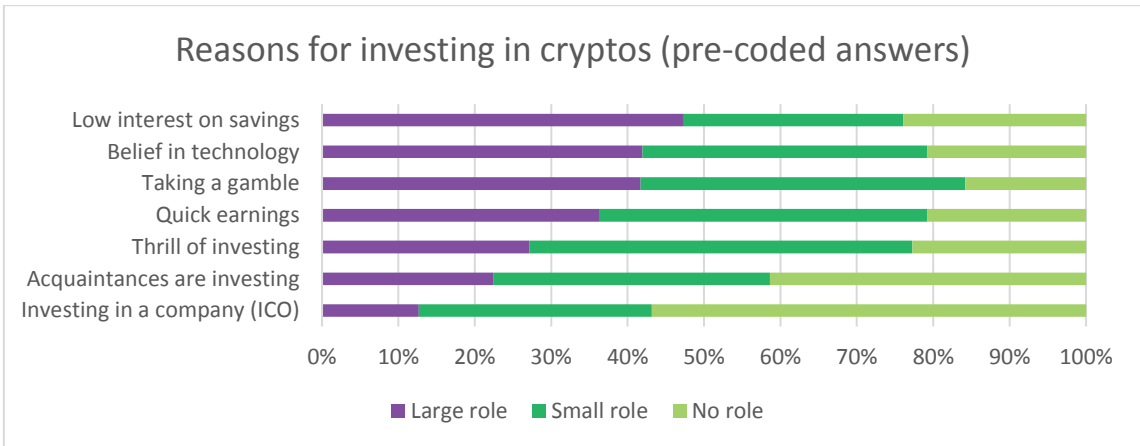


Chart 5

The motivation to invest in cryptos shifts over time. Crypto investors who entered the market later state more often that they are interested in making a quick profit than investors who entered the market earlier. The share of respondents who state that earning money is the most important reason increased from 35% of the investors who entered the market in 2016 or earlier to 47% of the investors who entered the market in the beginning of 2018. This last group also states that low interest rates played a role in their decision to invest in cryptos (60% versus 43% for the earlier investors). The later investors often state more often than the earlier investors that they invested in cryptos at the recommendation of friends and acquaintances. The share of investors who indicate that it plays a role that there are an increasingly large amount of people who invest in cryptos among their friends and acquaintances increases from 43% of the people who entered the market in 2016 or earlier to 82% of the people who entered the market in 2018. These dynamics appear to be in line with the impression that ‘crypto fever’ has struck and that this has become a classic example of a financial bubble.

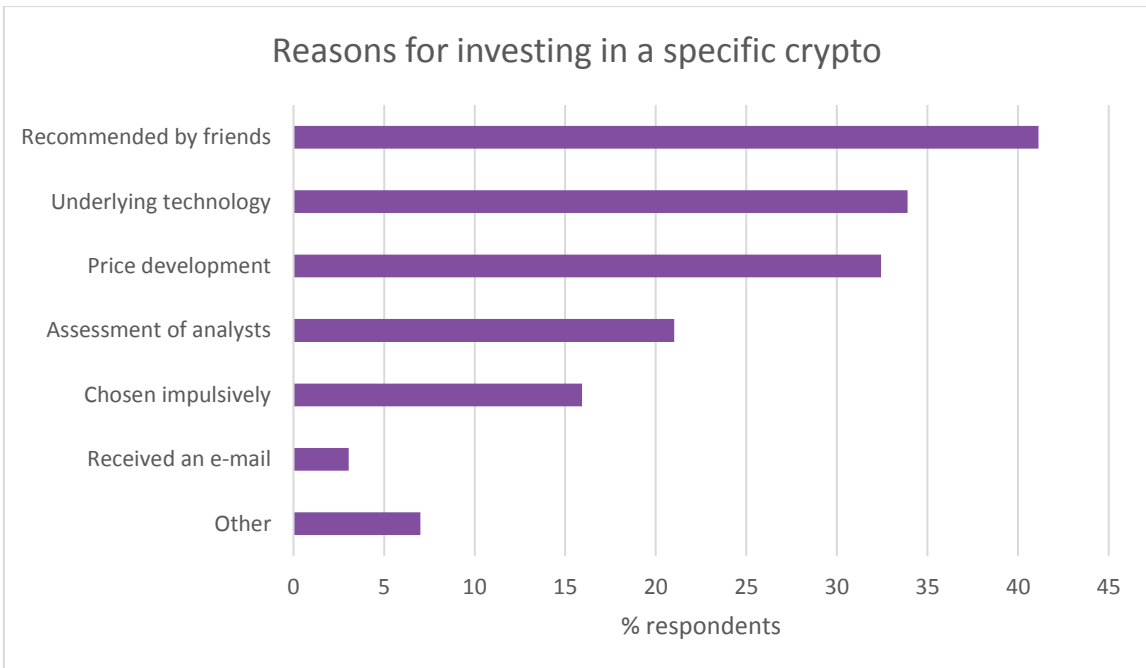


Chart 6

The most important motives to opt for a specific crypto are recommendations from friends and acquaintances and the underlying technology (chart 6). With regard to the choice for a specific crypto, the recommendations of friends and acquaintances also become increasingly important for later investors (from 25% of the earlier investors to 63% of the later investors). In addition, investors who have invested more than € 1000 often choose a crypto based on examining the underlying technology (43% versus 29% of investors who have invested less than € 1000).

## 4.2 Use of cryptos

In order to find out to what extent cryptos are used for speculative purposes or if they are also used for practical applications, the respondents were asked what they have used their cryptos for.

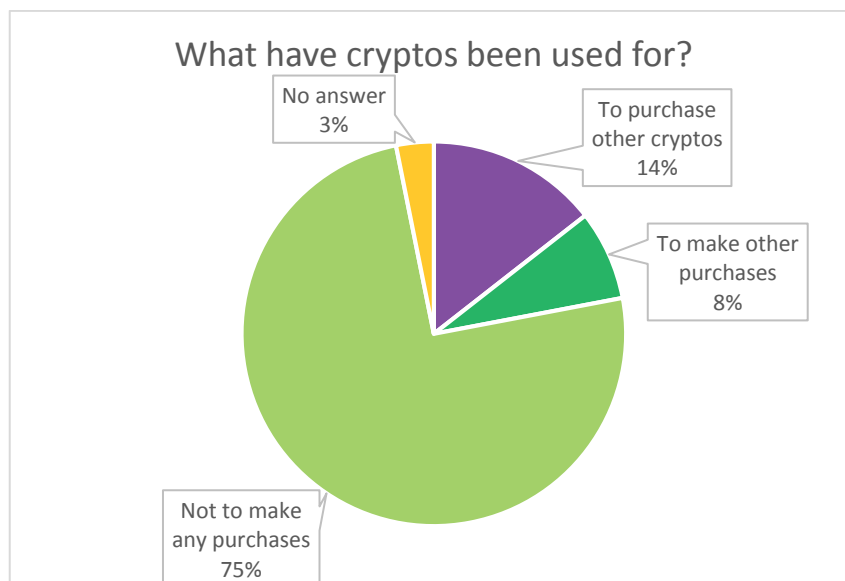


Chart 7

In total, 22% state that they have used their cryptos to purchase something; 14% of these respondents purchased other cryptos and 8% made other purchases. 75% did not use the cryptos to purchase anything (chart 7). The cryptos are thus not used much as a means of payment outside of the crypto market, which suggests that this mainly concerns speculation.

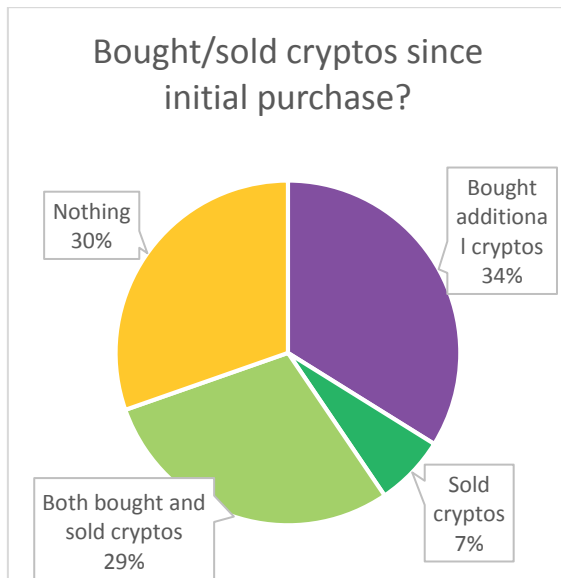


Chart 8

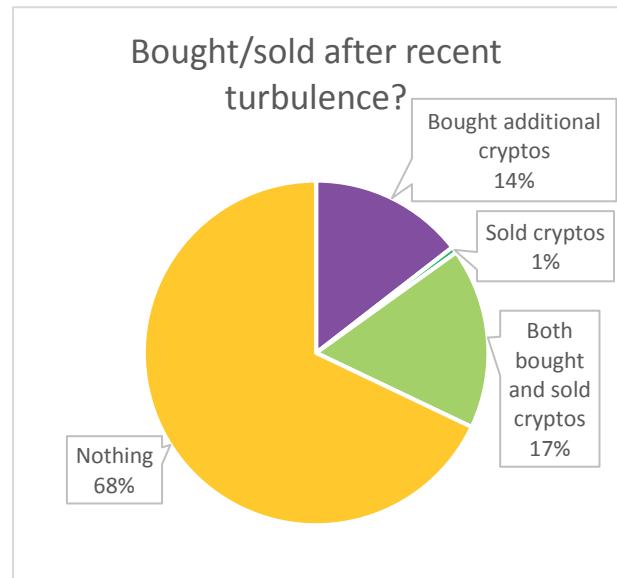


Chart 9

Furthermore, 30% of the crypto investors made no changes in their crypto portfolio since the initial purchase, while 34% bought additional cryptos later. 29% both bought and sold cryptos and only 7% only sold cryptos (chart 8). Explicitly asked about their reaction to the price volatility at the end of January 2018, 65% state that they did not react to this, whereas 14% bought additional cryptos, 5% sold cryptos and 16% both bought and sold cryptos (chart 9). Most consumers therefore do not trade actively and hold on to their cryptos. From this, it appears that the crypto investor remains calm in the market and the volatility, also when prices drop, did not lead to panic selling.

About one third of the investors check the value of their portfolio once or several times a day. It is, in particular, the group of investors who entered the market later who check their portfolio more often (more than 10 times a day) and the group earlier investors who only check their portfolio every now and then. This is probably due to the objective of the investors who entered the market later to make a short-term profit and the more long-term perspective of the early investors.

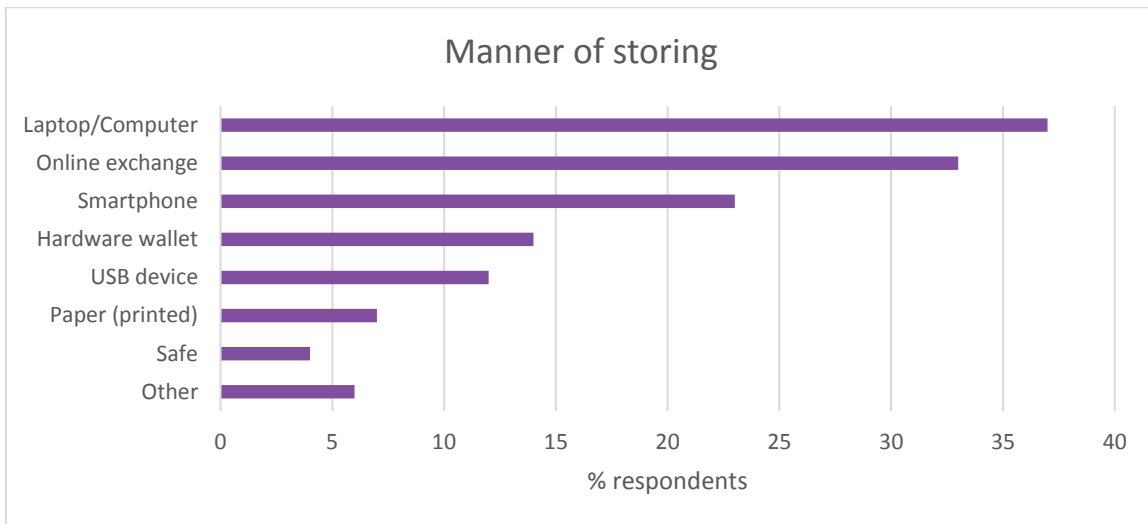


Chart 10

About one third of the crypto investors store their cryptos at an online crypto exchange. Furthermore, 37% store their cryptos on their own computer<sup>13</sup>, followed by 23% who store their cryptos on their smartphones and 14% who have a hardware wallet<sup>14</sup>. 7% have printed the codes that provide access to their cryptos on paper and 4% state that they store their cryptos in a safe (on paper or another storage device) (chart 10). Thus most consumers store their cryptos themselves and therefore they are responsible themselves for adequate security.

<sup>13</sup> For that matter, the various means of storing cryptos do not exclude each other, different means can be combined.

<sup>14</sup> A storage device especially intended for storing cryptos.

## 5. Warnings issued by the AFM

As the market is showing bubble-like symptoms and consumers appear to be entering the market based on quick profits and the advice of friends, the AFM considers it important to warn consumers about the risks entailed in investing in cryptos. The AFM has issued a number of warnings for the risks of investing in cryptos, for the first time in June 2017<sup>15</sup>, thus even before the rapid increase in popularity at the end of that year.

The warning appears to be well known among the crypto investors, 80% state that they are aware of the warning (chart 11). As a reaction to the warning, 6% state that they are more cautious with crypto investments and 19% state that they are more critical (chart 12).

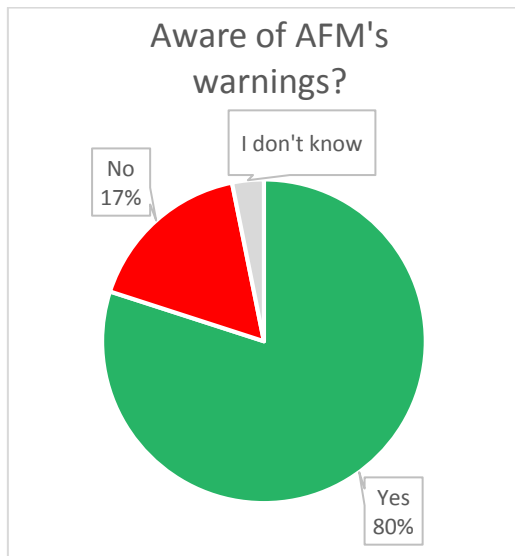


Chart 11

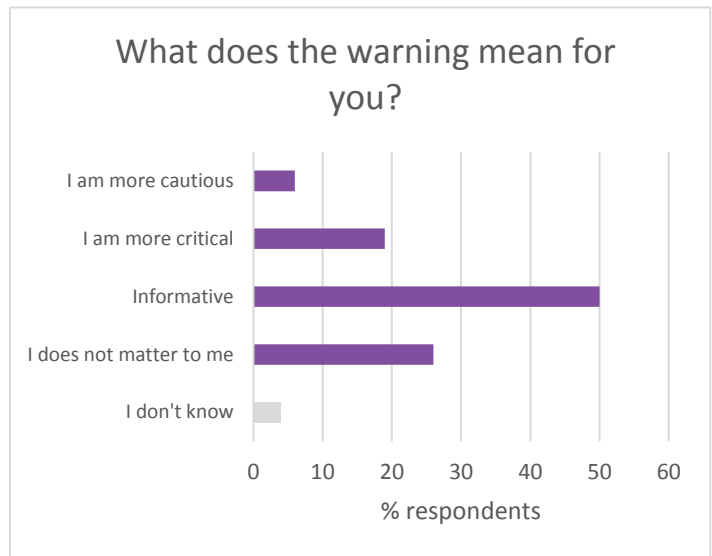


Chart 12

The warning is less well known among the groups that state that they would experience problems if the value of the portfolio should collapse. In the group that states that it would be a big problem for them if the value of the crypto should collapse (see also chapter 6), 52% are aware of the warning issued by the AFM (chart 13).

Furthermore, the warning is less well known among younger people. 70% of the group investors up to age 30 are aware of the warning, whereas this is 88% among the group of investors over age 50.

The warning issued by the AFM is therefore well known among crypto investors; however, it appears to be less well known among the vulnerable groups.

<sup>15</sup> <https://www.afm.nl/nl-nl/nieuws/2017/juni/virtuele-valuta>

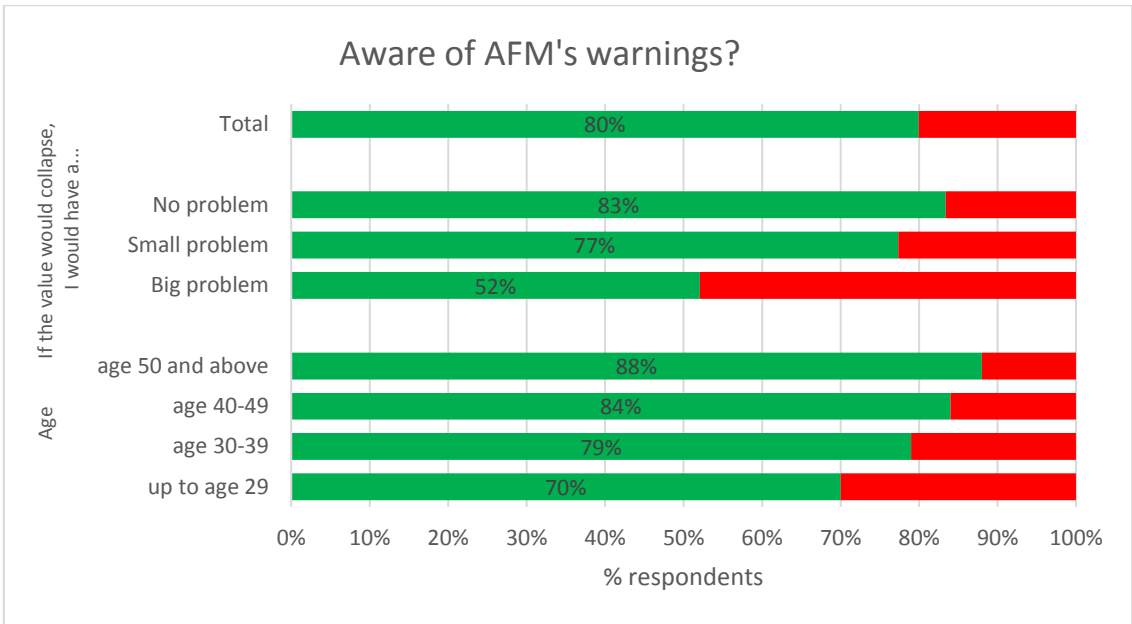


Chart 13



## 6. Vulnerability of crypto investors

The AFM's concerns are due to the bubble-like symptoms of the market. As a result, vulnerable groups of consumers could arise who have invested in cryptos without looking into this with money that they cannot actually miss or with money that they borrowed.

### 6.1 Invested amount

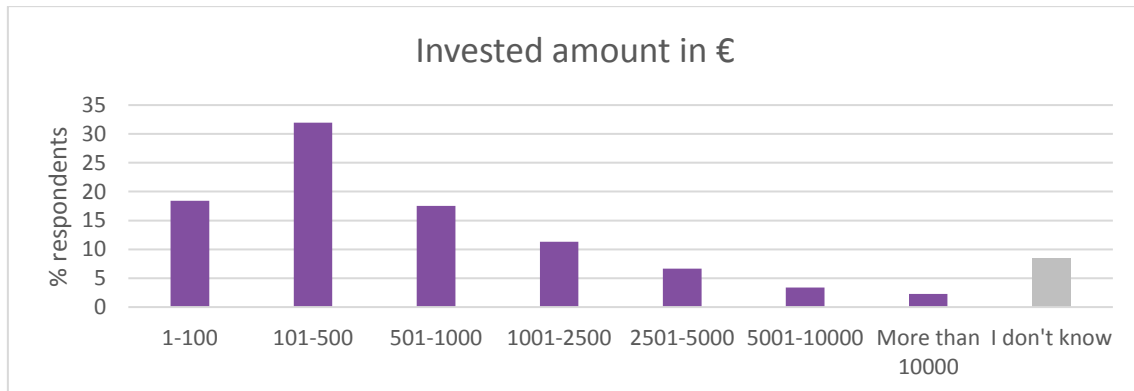


Chart 14

A first indication of possible vulnerability is the amount of money that is invested. However, the investment, the amount in euros that has been invested in cryptos, is generally limited. Over two thirds (69%) of the crypto investors invested less than 1000 euros. The largest group, about 30%, invested between 100 and 500 euros. Only 2% of the investors invested 10,000 euros or more in cryptos (chart 14). This division remains stable over time, the investors who entered the market later do not invest more or less than the early investors.

### 6.2 Risk perception

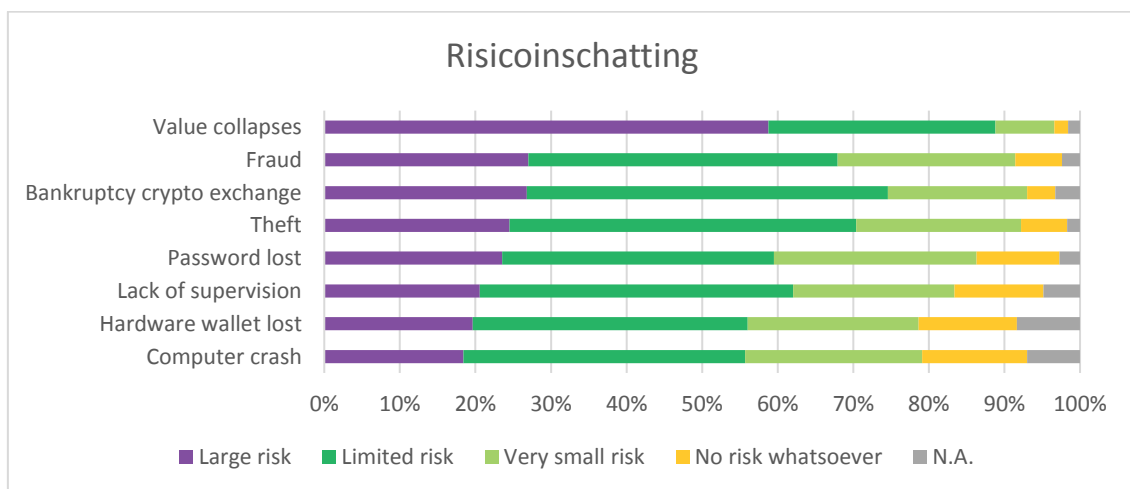


Chart 15

A second indication for vulnerability is the degree in which consumers are aware of the risks of participating in a speculative market. Therefore, the respondents were asked to assess a number of risk factors.

Investors in cryptos are most aware of the risk that the value could collapse. Nearly 90% of the respondents regard this as a risk, and 60% thereof even regard this as a big risk. Moreover, this number rises to 68% among the investors who entered the market later. As far as risk awareness is concerned, the risk that the value could collapse is higher than the other risks. Dutch crypto investors appear to be well aware of the volatility of the market.

The risks with regard to (cyber) crime (fraud, theft) follow, as far as awareness in concerned, after the risks regarding volatility. Both the risk of fraud as well as the risk of theft of cryptos are regarded as a big risk by about 25% and as a limited risk by 40%. The total share of respondents who state that they regard this as a risk remains constant over time; although investors who have entered the market later indicate more often that they regard the risk as limited instead of big.

The risks with regard to the technology (loss of password, crash of computer, loss of hardware wallet) are mentioned least often. About 20% of the respondents regard this as a big risk and 35% regard this as a limited risk. Although, investors appear to be least aware of these risks, it is still nevertheless more than half of the crypto investors who state that they are aware of these risks.

### 6.3 Vulnerability

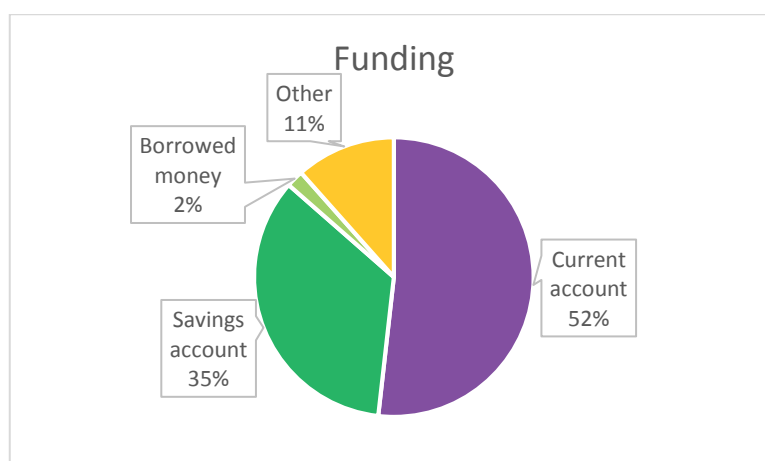


Chart 16

A third indication of vulnerability is the funding of the purchasing of cryptos, specifically whether this took place with own money or borrowed money. Only 2% of the respondents state that they bought cryptos with borrowed money (chart 16). By far most people stated that they bought the cryptos with extra money that they had on their current account (52%) or savings account (35%). In addition, it is possible to borrow money via a credit card. While 23% of the respondents state that they have paid for their cryptos with their credit card, 95% of these respondents state that they paid their credit card bill at once and not in instalments. Therefore, there are also hardly any

consumers who bought cryptos with borrowed money via this route. Moreover, the share of consumers who paid with a credit card decreased among the investors who entered the market later, probably because, capitalising on the increased demand, there are more parties that offer payment via iDeal and Dutch consumers prefer to use iDeal. Therefore, it cannot be concluded from the survey that consumers invest with money that they cannot miss.

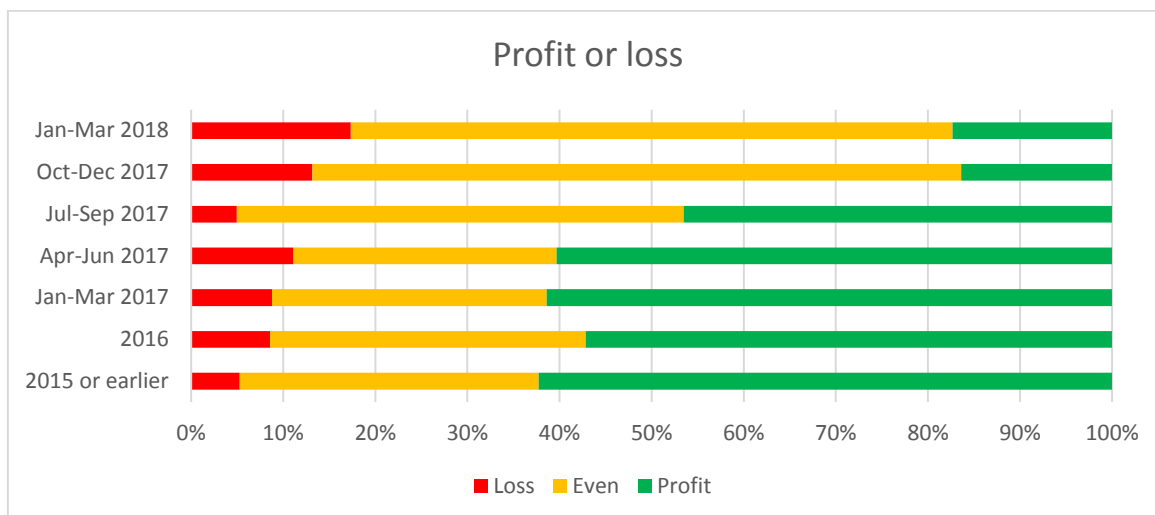


Chart 17

As the respondents stated both their investment in euros and the current market value of their crypto portfolio, it was possible to calculate whether they were making a loss or a profit.<sup>16</sup> In total, 11% of the crypto investors were making a loss. About 45% were even and 35% were making a profit (chart 17). However, this distribution shifts strongly over time. More than half of the crypto investors who entered the market in 2016 or earlier were making a profit, whereas this share decreases to 17% among the investors who entered the market in 2018. On the other hand, the group that were making a loss rose from 5% of the investors to 17% of the investors for the investors who entered the market later. Among the investors who entered the market in 2018 for the first time, the group that was making a profit is as large as the group that was making a loss. This pattern roughly follows the price fluctuations of the most important cryptos.

<sup>16</sup> Because the questions about the invested amount and the market value of the portfolio were answered in categories (0-100, 100-500, etc.), profits and losses within these categories cannot be distinguished. Please note that, due to the high volatility, the exact time of investment can make a big difference. For example, it makes a big difference in the first quarter of 2018 whether the investment was made in the beginning of January or the beginning of February. Moreover, the market value of the portfolio is an estimate of the consumer at the time the questionnaire was completed.

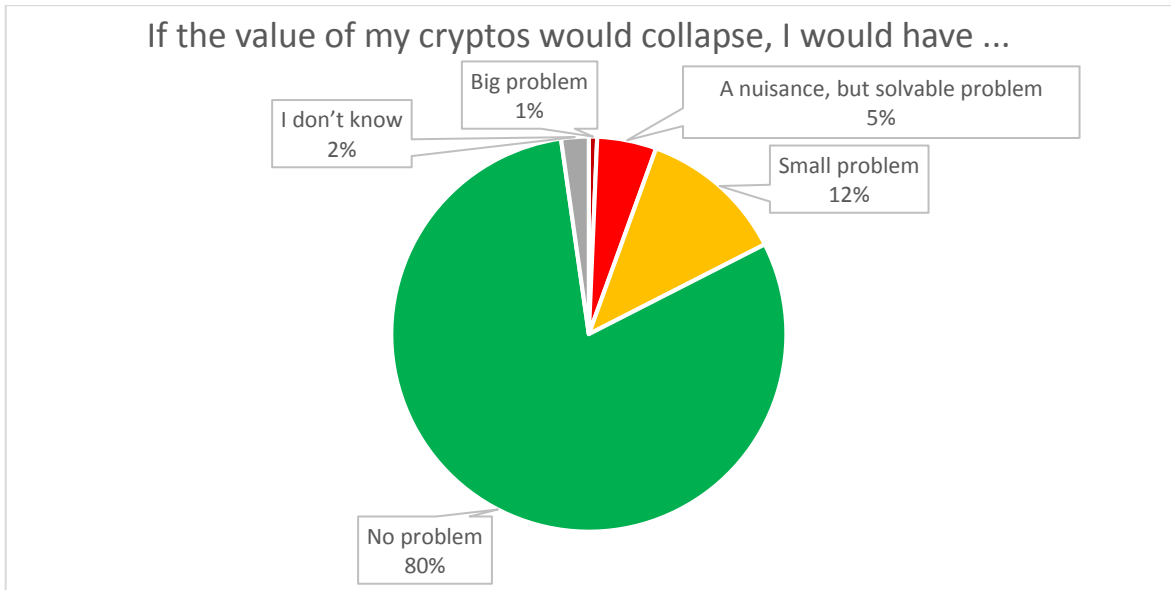


Chart 18

Finally, with regard to the vulnerability of the investor, the question was also asked whether they would have a problem if the value of their crypto portfolio should collapse. Only 1% states that, in this case, they would have a big, unsolvable problem. 5% state that it would be a nuisance, but it would not be an unsolvable problem. 12% state that it would be a small problem and 80% state that in that case it would not be a problem at all (chart 18). In line with the invested amount, this pattern does not shift over time. However, the group of crypto investors up to the age of 30 does state more often that they would experience problems should the value collapse. The group for which it would be a big or difficult problem is in total 12% among young people (up to age 30), whereas this is only 3% among older age groups (as from age 50).

It can be concluded from these figures that large vulnerable groups are not arising, although younger crypto investors appear to be taking more risks than older crypto investors.

## 7. Initial Coin Offerings

An *Initial Coin Offering* (ICO) is the issue of a crypto by a start-up or an established company to raise capital. The company in question usually presents itself on internet and publishes a *white paper*<sup>17</sup> that describes what the company plans to do with the capital it seeks to raise and what the investor will receive in return. Investors can then subscribe to the initial issue of this crypto. For that matter, the investment in these ICOs mostly takes place with an existing crypto. The exact functionality of the cryptos that investors then receive differs per ICO but it is usually related to the services that the company offers. For example, it can be the only manner to pay for the services provided by the company. Therefore, this category of cryptos is more similar to crowdfunding than cryptos that were developed as a generic means of payment. However, these cryptos do become tradable on crypto exchanges in due course. As this concerns a separate category of cryptos, a number of additional questions were asked of investors who have participated in ICOs.

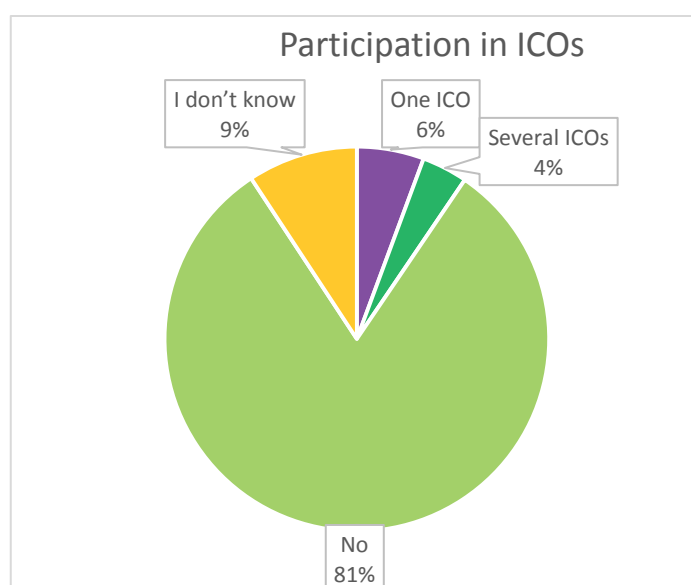


Chart 19

A minority invests in ICOs. No more than 10% of the crypto investors have ever participated in an ICO; of which 6% state that they have invested in one ICO and 4% in several ICOs (chart 19). The group that has participated in ICOs are among the investors who entered the market at an early stage and usually invests higher amounts than the average crypto investor.

As far as motive is concerned, ICO investors invest more often based on a belief in the technology or in the specific company in which they are investing than the crypto investor in general. 60% of the ICO investors state that they participated in the ICO because of their belief in the future of the issuing company.

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<sup>17</sup> This white paper can be limited and even misleading, but it is usually the only source of information. [EY \(2018\) EY research: Initial Coin Offerings](#)

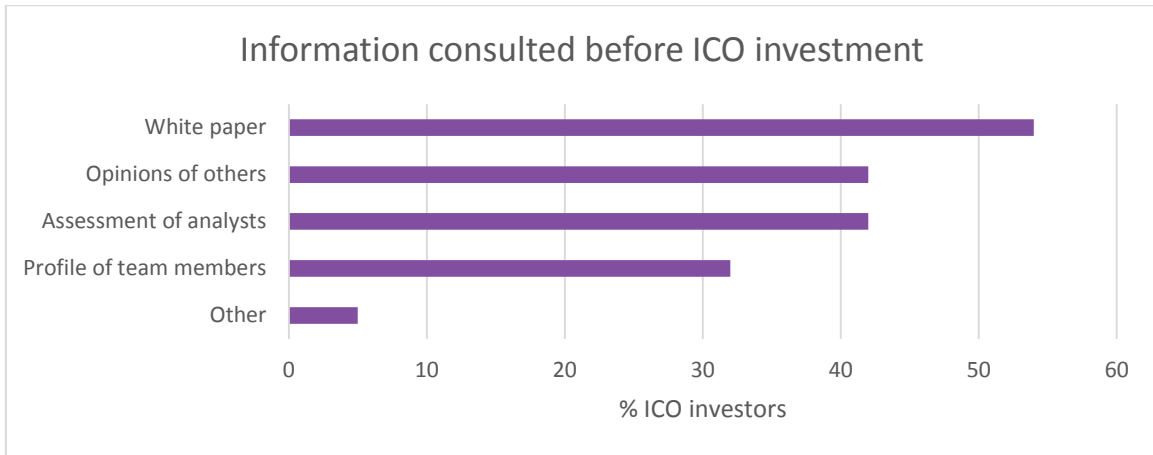


Chart 20

A majority (61%) of the ICO investors consults several sources of information before participating in an ICO. A group of 35% states that they consulted one source. A small minority of 4% states that they did not consult any source whatsoever before participating in an ICO. The white paper published by the issuing company is the most important source of information that is consulted. This is read by 54% of the ICO investors. Followed by the opinions of others and analyses by experts, these are both consulted by 42% of the ICO investors. In addition, 32% of the ICO investors look up the profile of the people behind the issuing company on social media (chart 20). By far most investors do look into the ICO in which they plan to participate, but have less information and less reliable information at their disposal than investors who invest in regular financial instruments.

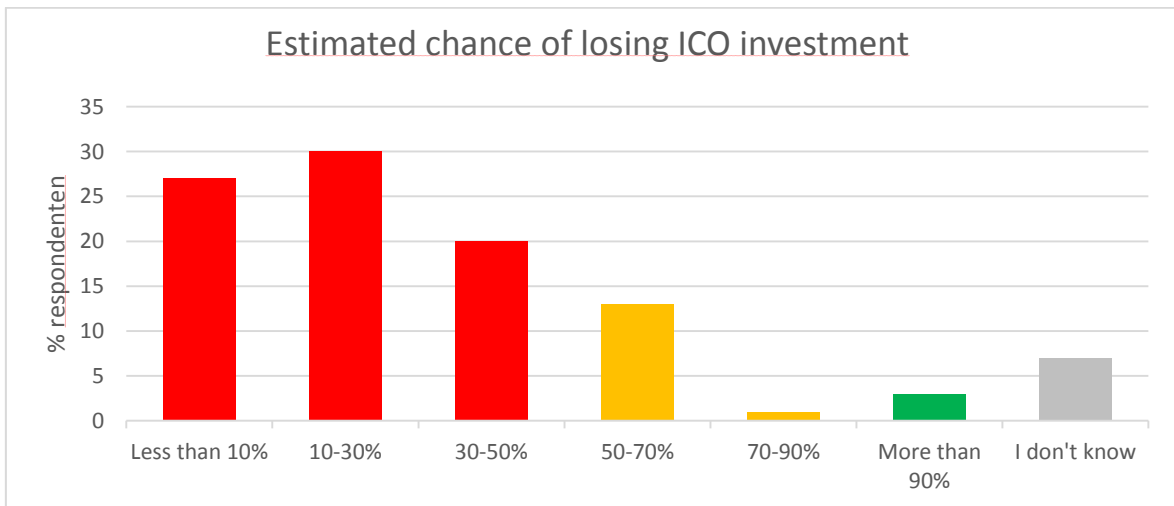


Chart 21

The risk perception of ICO investors does appear to be lower than justified. Three quarters of the ICO investors estimate that the probability of loss of their investment is less than 50% (chart 21), whereas available data indicate that, up to now, half of the ICOs have failed.<sup>18</sup>

<sup>18</sup> Due to the unregulated nature of the ICO market, it cannot be determined exactly but an initial inventory shows that about half of the ICOs fail. [Trouw \(2018\)](#)

## 8. Conclusion and follow-up measures

The rise of cryptos in 2017 is spectacular, but as yet not a cause for concern. In line with international developments, large groups of consumers entered the market as from the end of 2017 and at present more than 500,000 consumers own cryptos.

It can be concluded from the market survey under Dutch consumers that Dutch consumers appear to be dealing with cryptos in a controlled manner. Dutch consumers generally invest small amounts in cryptos and they do this with their own money and they are aware of the warnings and the risks. The amounts that are invested in combination with the strong risk awareness of the volatility of the market suggest that the investments of Dutch consumers in cryptos can be compared more to participating in a lottery than to saving or investing. Investors hope to make a big profit with a small amount of money and do not get into debt to buy cryptos.

Nevertheless, there are sufficient reasons for the AFM to monitor developments closely. The market shows the characteristics of a classic example of a bubble. Crypto investors who entered the market in the beginning of 2018, do this increasingly to earn money quickly and because friends and acquaintances have also entered the market. Moreover, they usually do not have any investment experience and the cryptos are hardly used as a means of payment. Thus, it remains the case that there is an inflow of inexperienced investors in a speculative and fraud-sensitive market. Therefore, the AFM will continue to monitor the developments in the coming period and the AFM will continue to warn consumers about the risks of cryptos.

In addition, in particular young investors appear to be a group that takes more risk. They state more often that they would experience problems if the value of their portfolio should collapse and they state that they are less aware of the warnings and risks. Here lies a task for the AFM to ensure that the warnings also reach this group.

There are also concerns regarding Initial Coin Offerings. The risk perception of investors does not appear to correspond with the actual practice. This is possibly due to the lack of information in connection with the issue of this type of cryptos. Whereas, it is actually in this market where large amounts are usually invested. With regard to ICOs, the AFM advocates stricter regulations on a European level.

Finally, developments are proceeding rapidly. Market fluctuations and the inflow and outflow of investors are faster than what is customary in other markets. The situation can change rapidly. Therefore, the AFM will continue to monitor the crypto market in the coming period.

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