

Consumer Identity and Its Influence on the Adoption of Cryptocurrency:

A conceptual Paper

Abstract:

This conceptual paper explores the intricate relationship between consumer identity and the adoption of cryptocurrency. As the global financial landscape evolves, the emergence of decentralized digital currencies, notably cryptocurrencies, has sparked significant interest. Understanding the factors that influence consumer adoption of these innovative financial instruments is crucial for businesses, policymakers, and researchers alike. This paper posits that consumer identity, encompassing psychological, social, and cultural dimensions, plays a pivotal role in shaping attitudes and behaviours toward cryptocurrency adoption. By synthesizing existing literature on consumer behaviour, technology adoption, and cryptocurrency, this paper aims to provide a comprehensive conceptual framework that reflects the multifaceted nature of consumer identity and its impact on the adoption of cryptocurrencies.

Keywords: Consumer identities, cryptocurrency, technology acceptance model, conceptual paper

Background and Originality:

This conceptual paper responds to the pressing need for interdisciplinary research on the relationship between consumer identity and the adoption of cryptocurrency. Acknowledging the existing research gap highlighted by Sousa et al. (2022), which underscores the limited focus on cryptocurrency studies beyond the domains of computer science, engineering, and information systems, this research aims to bridge this gap through an interdisciplinary lens.

Sousa et al. (2022) emphasizes the necessity of expanding research on cryptocurrencies into diverse disciplines, reflecting a growing awareness of the need for a comprehensive understanding beyond technological perspectives. By addressing this call, the current study contributes to the interdisciplinary scholarship that aims to explore consumer behaviour via their identities in relation to the usage and adaptation of cryptocurrency.

The adoption of cryptocurrency represents a paradigm shift in the way individuals perceive and interact with financial systems. Cryptocurrencies, such as Bitcoin and Ethereum, operate on decentralized blockchain technology, offering unique features like anonymity, security, and borderless transactions (Amsyer et., al 2020). While technological aspects contribute to the adoption process, this paper contends that understanding the complexities of consumer identity is equally essential. Consumer identity, a dynamic construct influenced by personal, social, and cultural factors, shapes the lens through which individuals evaluate and embrace cryptocurrency.

The definition of a cryptocurrency system as a 'framework generating tokens', presented by Pernice and Scott (2021), lays the groundwork for understanding the technological underpinnings of this financial innovation. This conceptualization positions cryptocurrencies as decentralized mediums of exchange, recorded securely on digital ledgers, and introduces the pivotal role of cryptography in substituting trust in institutions to varying extents. Thus, the singular term "cryptocurrency" refers specifically to tokens issued through these systems, explaining the nuanced nature of these digital assets within the broader financial landscape.

Consumer Identity: A Multidimensional Construct:

Consumer identity, as articulated by scholars like Stryker and Burke (2000) and Burke (2006), is integral to this investigation. Consumer identity is a multifaceted concept encompassing psychological, social, and cultural dimensions. These dimensions uniquely identify individuals within various interactions including commercial.

Psychologically, individual traits, values, and perceptions contribute to the formation of consumer identity. Socially, interactions with peer groups, family, and communities play a crucial role in shaping identity. Culturally, the broader societal context and historical influences contribute to the collective identity of a group. Thus, based on these dimensions, people tend to have more than one identity (multiple identities) which gets activated based on their situation.

Considering psychological, social, and cultural dimension and drawing from the works of Stryker and Burke (2000); Burke (2006); Reed et al. (2012) and Stets et., al (2021) the author developed the following definition for multiple identities:

‘A multiple identity is about being, how one classifies and perceives oneself in a given situation (Ashraf 2021)’.

Thus, the shift towards decentralized mediums of exchange prompts consumers to navigate a dynamic digital ecosystem where identities play a pivotal role in shaping attitudes, perceptions, and adoption behaviours. Thus, this paper explores how these dimensions intersect and impact the consumer's predisposition toward cryptocurrency adoption.

Technology Adoption and Consumer Behaviour:

Past studies have relied heavily upon theory of Technology Acceptance Model (TAM) (Davis 1989) to explain user acceptance of information technology respectively (Marangunić and Granić 2015). Though this theory provides a foundation for understanding consumer behavior in the context of technology adoption, it does not address this topic fully.

Rooted in the social psychology theory of reasoned action, this theory have not fully understood the consumers who are at the receiving end of these technological advances products/services. Who are these potential consumers, how do they describe themselves, what do they stand for and what makes them who they are. This creates a need to explore the topic of consumers multiple identities in relation to technology-based products, I-e, cryptocurrencies. By integrating these frameworks with the concept of consumer identity, this paper aims to explain how individual differences and social dynamics influence the acceptance and diffusion of cryptocurrencies. In its early stages of development, the author presents following framework (figure 1) suggesting the potential relationship between consumer multiple identities and their usage of cryptocurrencies.

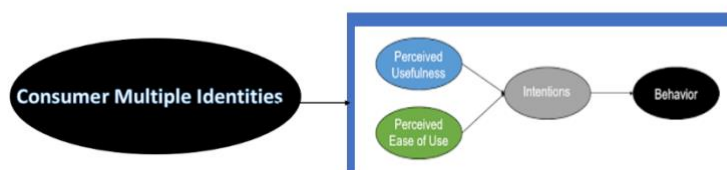


Figure 1: Conceptual Framework

Implications for Businesses and Policymakers:

Understanding the interplay between consumer identity and cryptocurrency adoption has practical implications for businesses and policymakers. Tailoring marketing strategies, educational initiatives, and regulatory frameworks to align with diverse consumer identities can enhance the overall acceptance and responsible use of cryptocurrencies.

Conclusion:

This conceptual paper proposed that a comprehensive understanding of consumer identity is integral to unravelling the complexities surrounding the adoption of cryptocurrencies. By starting the discussion on some of the existing literature on consumer behavior, technology adoption, and cryptocurrency, this paper contributes to the theoretical foundation in this emerging field. Further empirical research will be undertaken to validate and refine the proposed conceptual framework, fostering a deeper comprehension of the dynamic relationship between consumer identity and the adoption of cryptocurrency.

In essence, this interdisciplinary study, grounded in the frameworks of cryptocurrency scholars and consumer identity theorists, seeks to contribute nuanced insights into the complex relationship between consumer multiple identities and the adoption of cryptocurrencies, thereby advancing our understanding of the evolving dynamics in the digital finance landscape.

References:

Sousa, A., Calçada, E., Rodrigues, P. and Pinto Borges, A., 2022. Cryptocurrency adoption: a systematic literature review and bibliometric analysis. *EuroMed Journal of Business*, 17(3), pp.374-390.

Amsyar, I., Christopher, E., Dithi, A., Khan, A.N. and Maulana, S., 2020. The challenge of cryptocurrency in the era of the digital revolution: A review of systematic literature. *Aptisi Transactions on Technopreneurship (ATT)*, 2(2), pp.153-159.

Pernice, I.G.A. and Scott, B., 2021. Cryptocurrency. *Internet Policy Review, Glossary of decentralised technosocial systems*, 10(2).

Stryker, S. and Burke, P.J., 2000. The past, present, and future of an identity theory. *Social psychology quarterly*, pp.284-297.

Burke, P.J., 2006. Identity change. *Social psychology quarterly*, 69(1), pp.81-96.

Reed II, A., Forehand, M.R., Puntoni, S. and Warlop, L., 2012. Identity-based consumer behavior. *International Journal of Research in Marketing*, 29(4), pp.310-321.

Stets, J.E., Burke, P.J., Serpe, R.T. and Stryker, R., 2020. Getting identity theory (IT) right. In *Advances in group processes* (Vol. 37, pp. 191-212). Emerald Publishing Limited.

Ashraf, S., 2021. The role of consumer multiple identities in bank choice in Pakistan (Doctoral dissertation, Bournemouth University).

Marangunić, N. and Granić, A., 2015. Technology acceptance model: a literature review from 1986 to 2013. *Universal access in the information society*, 14, pp.81-95.

Davis, F.D., 1989. Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS quarterly*, pp.319-340.